Austria ... Sch 18	Indonesia ... Rp 2500	Portugal ... Esc 75
Bahrain ... Din 0.650	Italy ... L 1100	S. Arabia ... Rls 6.00
Belgium ... BFr 38	Japan ... Y550	Singapore ... S$4.10
Canada ... C$2.00	Jordan ... Fils 500	Spain ... Pta 100
Cyprus ... Mils 600	Kuwait ... Fils 500	Sri Lanka ... Rup 30
Denmark ... Dkr 7.25	Lebanon ... £L 6.00	Sweden ... Skr 6.50
Egypt ... E£1.00	Luxembourg ... LFr 38	Switzerland SFr 2.00
Finland ... Fmk 5.50	Malaysia ... Rm 4.25	Taiwan ... NT $85
France ... FFr 6.00	Mexico ... Pes. 300	Tunisia ... Din 0.600
Germany ... DM 2.20	Morocco ... Dh 6.00	Turkey ... L 160
Greece ... Dr 60	Netherlands ... Fl 2.50	U.A.E. ... Dh 6.50
Hong Kong ... HK$ 12	Norway ... Nkr 6.00	U.S.A. ... $1.50
India ... Rup. 15	Philippines ... Pes. 20	

FINANCIAL TIMES

EUROPE'S BUSINESS NEWSPAPER

No. 29,370 — Monday July 16 1984 — D 8523 B

New Zealand expects action now the talk is over, Page 16

NEWS SUMMARY

GENERAL

Amritsar curfew to halt women

A curfew has been reimposed on the Punjab city of Amritsar for eight hours today, when Sikh women have vowed to make a protest march to the Golden Temple, state-run All-India Radio said.

Police said security forces had started action to prevent members of the main Sikh party from going to the temple. They gave no further details.

A Sikh temple leader said the army had arrested at least 2,000 Sikhs in pre-emptive action at the weekend, while the army had sealed all roads to Amritsar and bus services from neighbouring cities had been suspended. Official confirmation was not available. Page 2.

Meeting dispersed

Troops fired in the air and police wielded batons to disperse 300 people in Srinagar, India, who were planning to hold a banned protest march led by Farouq Abdullah, dismissed as Chief Minister of Jammu and Kashmir nearly two weeks ago. Page 2

New settlements

The Israeli Government decided to build new Jewish settlements in the occupied Arab West Bank and the opposition Labour Party said the Likud Government was taking advantage of state funds for its election campaign.

Monsoon deaths

Nearly 60 people have died in monsoon floods that have affected more than 2m people in India and Bangladesh.

Militias' accord

Rival pro-Syrian Lebanese militias agreed at talks in Damascus to withdraw their forces from the northern Lebanese province of Koura, where 40 people were killed in clashes last week. Page 2

Bombs in Paris

The extreme left-wing group "Action Directe" stepped up its campaign of violence in central Paris with three bomb attacks in three days after several of its members were arrested.

Turkish party

A group of left-wing politicians said they planned to set up Turkey's first new political party since military rule ended last December.

Coins seized

French customs officials seized five tonnes of counterfeit 10-franc coins with a face value of FFr 5m ($575,000) in a lorry at the Italian border.

Suspect diplomat

A Bulgarian diplomat left Japan after allegations by security officials that he spied on industrial secrets, the Foreign Ministry in Tokyo said.

Cargo ship sinks

One seaman died and four were seriously injured when a cargo of zinc and iron shifted in a Spanish ship which later sank off Toulon. A Moroccan passenger ship rescued the injured and the five other crewmen of the vessel Caride.

Unità rebels killed

Government troops killed 44 Unità guerrillas in central and eastern Angola between June 28 and July 4, the official Angolan news agency said.

Borg comeback

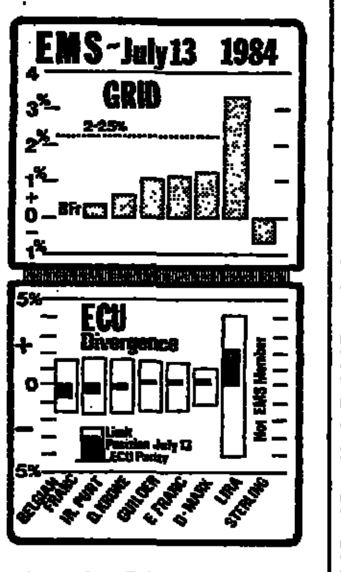
Former world champion Björn Borg returns to grand prix tennis in Stuttgart this week. His first-round opponent is Henri Leconte, the Frenchman who beat him before his semi-retirement 18 months ago.

BUSINESS

Threat to Murdoch plan for St Regis

RUPERT MURDOCH'S attempt to build up a large shareholding in St Regis, U.S. paper and forest products group, has met a further snag. Mr Murdoch's companies have been served notice that the Commissioner of Insurance in Nebraska is seeking a temporary restraining order to prohibit the acquisition of further St Regis shares. Page 18

WEAKER members of the European Monetary System continued to benefit from the dollar's strength



against the D-Mark last week. While most currencies were registering new lows against the dollar, the weakness of the D-Mark ensured that strains within the system were reduced virtually to nothing. As a result, the Belgian franc was at its highest level in Ecu terms for nearly a year. Most other members showed little movement, although the Danish krone recorded useful gains.

The chart shows the two constraints on European Monetary System exchange rates. The upper grid, based on the weakest currency in the system, defines the cross rates from which no currency (except the lira) may move more than 2¼ per cent. The lower chart gives each currency's divergence from its "central rate" against the European Currency Unit (ECU), itself a basket of European currencies.

JAPAN and Britain are to hold talks in October aimed at improving access to one another's financial markets and easing investment regulations.

AUSTRALIA'S federal government has endorsed a new policy by which between six and 10 foreign banks will get banking licences by the end of this year. Page 18

CANADIAN Government bonds were the worst buy in world bond markets during the first six months of this year, according to figures compiled by Salomon Brothers, the U.S. investment firm. Page 17

POLAND expects relations with commercial bank creditors to revert to normal once a $1.6bn 10-year rescheduling agreement is signed. Page 2

ISRAEL announced that inflation in June was 13.3 per cent; four times higher than in the corresponding month last year. The annual inflation rate is running at almost 400 per cent. Page 2

SPERRY, U.S. computer manufacturing group, says its profits in the first fiscal quarter will be cut by $21.8m because it has written down the value of its investments in Trilogy, West Coast computer company. Page 18

SOUTHWEST Airlines of Dallas, Texas, ordered another 21 Boeing 737-300 airliners worth $500m, bringing total sales of the aircraft this year to 74. Page 3

Production difficulties in London may have resulted in typographical errors in unit trusts, some advertisements and elsewhere in today's edition.

Mondale angers party with campaign leader choice

BY REGINALD DALE, U.S. EDITOR, IN SAN FRANCISCO

MR WALTER MONDALE yesterday ran into trouble on the eve of the democratic national convention in San Francisco, which he had hoped would unify the party behind his presidential candidacy in November's U.S. elections.

As delegates gathered for the week-long convention, which is expected to endorse him as the official Democratic contender, Mr Mondale, announced that the controversial Mr Bert Lance, chairman of the Georgia Democratic Party, would be the general chairman of his autumn campaign to oust President Ronald Reagan from the White House.

In a surprise move that shocked and angered many of the almost 4,000 delegates, Mr Mondale said that one of Mr Lance's first tasks would be to help find a new Democratic Party chairman to replace Mr Charles Manatt, the Los Angeles lawyer responsible for bringing the convention to California in an attempt to challenge Mr Reagan on his home territory.

The dispute over Mr Lance at least temporarily overshadowed the wide acclaim that Mr Mondale has received for his dramatic political coup in choosing Ms Geraldine Ferraro of New York as the first woman U.S. vice-presidential candidate last Thursday.

Mr Lance is best known both in the U.S. and abroad as President Jimmy Carter's short-lived budget director, who resigned in September 1977 after allegations – never afterwards substantiated – of unethical banking practices.

Senator Gary Hart of Colorado, who is still desperately hoping to wrest the presidential nomination from Mr Mondale by a last minute "strike of lightning," made clear that he would make maximum use of the Lance appointment in his continuing efforts to lure away Mr Mondale's delegates before the formal vote is taken on Wednesday night.

Mr Mondale is going into the convention with a winning majority on paper of over 2,000 delegates against only 1,250 for Mr Hart. Mr Hart was nevertheless yesterday said to be "hanging tough" and refusing to concede defeat, although he announced that he would ultimately support the Democratic ticket, regardless of whose name was on it.

Mr Mondale's choice of Ms Ferraro as his running-mate had been expected to unite the party enthusiastically behind the Mondale-Ferraro ticket. That remains the most overwhelmingly likely outcome.

An eve-of-convention Los Angeles Times delegate poll showed that 99 per cent supported Ms Ferraro's selection. A nationwide Newsweek survey, to be published today, suggested that it had helped Mr Mondale's chances by bringing him up to 6 percentage points behind Mr Reagan – against a shortfall of over 15 points just two weeks ago.

By appointing Mr Lance, Mr Mondale was hoping to shore up his position in the south, in an attempt to strike a balance against the Italian-American New Yorker, Ms Ferraro, who is not so popular in southern and western states.

Mr Lance, however, is equally unpopular in many areas outside the south, and his appointment struck a divisive note that Mr Mondale may not have fully expected. Mr Mondale said he wanted to reward Mr Lance for his "loyalty" during the presidential primary season this year. Mr Mondale began his comeback against an early upset by Mr Hart in New England by capturing Georgia and Alabama – states in which Mr Lance's writ runs large.

Mr Hart held a strategy session with the Rev Jesse Jackson, the black presidential contender, who, with almost 400 delegates, has also not yet conceded defeat.

New talks likely today on UK dock dispute

By Our Industrial and Labour Staff in London

BRITISH port employers and dockers' leaders are likely to agree today to fresh talks to try to settle the national dock strike. But talks about the UK's other big industrial dispute, in the coal mining industry, seem certain to fail when they resume this week.

The Advisory, Conciliation and Arbitration Service (Acas) yesterday intervened in the dock strike, which began last Tuesday, by issuing an invitation to the two sides to exploratory talks.

Mr John Connolly, national docks officer for the Transport and General Workers' Union (TGWU), said last night he was "ready to meet the employers at short notice." Mr Donald Stringer, chairman of the National Association of Port Employers, said last night he expected the association's executive to accept the invitation.

The Acas intervention comes with most of Britain's principal ports at a standstill for the movement of freight. Mr Nicholas Ridley, the Transport Secretary, publicly warned at the weekend that the Government would use emergency powers if necessary to counter the increasingly damaging effects of the strike.

"We are determined to keep the life of the nation going," Mr Ridley said. Cabinet ministers will meet today to review the industrial situation, but suggestions that they would consider the imminent introduction of troops were being ruled out yesterday.

Troops were used to counter a dock strike in 1950 and emergency powers were enacted for a dock strike in 1972 but not used.

The present dispute began over British Steel's use of unregistered dockers to handle iron ore, after registered dockers, supporting the striking miners, had refused to unload it. The TGWU is seeking guarantees that three will be no further breaches of the registered dock labour scheme.

Mr Arthur Scargill, president of

Continued on Page 16

A Financial Times/Marplan poll of British company directors has found a sharp fall in confidence in the UK Government. Half of those polled said confidence had fallen since Mrs Margaret Thatcher, the Prime Minister, won a second term in June 1983. Details, Page 4

West agrees on computer export curbs

BY DAVID MARSH IN PARIS AND DAVID BUCHAN IN LONDON

WESTERN MEMBER countries of the Paris-based Coordinating Committee (CoCom) have agreed new export controls on computers, the last outstanding area of dispute in the two-year-long review of the CoCom embargo list designed to prevent militarily useful technology from reaching the Soviet bloc.

"A compromise has been worked out to everyone's satisfaction," a U.S. official in Paris said after the computer controls were negotiated last week. British officials called it "a blow for alliance unity."

The U.S., which has pushed hard for stricter controls, had been pitted in bitter argument against most of its partners in CoCom, which groups Nato countries excluding Iceland but including Japan, over how far smaller computers widely available in the West could be kept out of East bloc hands.

The CoCom compromise is understood to involve a trade-off in three related areas – computer hardware, computer software and telecommunications switching gear – on which the U.S. and its European and Japanese allies had differing positions.

According to U.S. officials, the revised CoCom list will cover some of the more powerful personal computers.

Mr Richard Perle, a U.S. assistant defence secretary and a chief architect of the Reagan Administration's technology control programme, recently gave as an example of one such machine with military application the Apple 2 computer, which he said the U.S. was using for nuclear weapon targeting.

Computer software and telecommunications equipment will feature for the first time as important items on the CoCom control list, officials say.

France, which a few years ago supplied Leningrad with a new telephone exchange, and Britain, which is competing to sell Bulgaria the "System X" exchange developed for British Telecom, had resisted Washington's claims that sophisticated telephone computers had clear military potential. It is unclear where CoCom has drawn the line here.

The new CoCom list itself will remain secret. Its content will be closely reflected, however, in new national export control orders which the 15 CoCom member countries are expected to publish later this year or early next year.

There is no absolute embargo on selling goods on the CoCom control list to so-called "proscribed destinations," basically the Warsaw Pact countries and China. Individual CoCom governments can get their partners' agreement that special circumstances make safe the sale of certain military-civil "dual use" items.

An average of 1,000 such exceptions are made each year, mainly for sale to China.

Last week's agreement on computers virtually completes revision of the current CoCom list, which began in autumn 1982. Since then, new controls have been agreed on industrial robotics, electronic-grade silicon, printed circuit boards, and more exotic items such as spacecraft.

It is also the first time that new CoCom controls on computers have been agreed since 1976.

Eximbank to release Brazilian credits

By Andrew Whitley in Rio de Janeiro

AGREEMENTS covering $1.5bn of credit guarantees for Brazil from the U.S. Eximbank are to be signed in Washington next week. The much delayed accord is likely to give an immediate boost to flagging U.S. sales to Brazil.

The Eximbank resources formed the main part of $2.5bn of officially backed trade credits from Western governments, arranged for Brazil by the International Monetary Fund at the end of last year.

Western European governments have so far refused to participate in fresh lending. But the implementation of the U.S. agreement may act as a spur to London, Paris and Bonn to reactivate their medium-term, official credit lines.

U.S. officials say the Eximbank credits will now cover the 1985 fiscal year, running from October 1 1984 to September 30 next year. Under the original plan, they would have been available for the 1984 calendar year.

Last Thursday, Sr Affonso Celso Pastore, the Brazilian central bank governor, said he expected between $700m and $900m to be utilised this year for the import of industrial raw materials and machinery.

This year Brazil is heading for a record $4bn surplus in its trade with the U.S. its largest single trading partner, as a result both of a sharp increase in exports and of a curb in imports, mainly of manufactured goods.

Although U.S. diplomats say there appears to be a pent-up demand in Brazil for certain U.S.

Continued on Page 16

Argentine loans depress Manufacturers Hanover, Page 16; Poland expects to normalise bank links, Page 2

Reserve Bank suspends NZ dollar dealings

BY DAI HAYWARD IN WELLINGTON

NEW ZEALAND's Reserve Bank suspended foreign exchange dealings in the New Zealand dollar yesterday, less than 24 hours after the opposition Labour Party swept to power in the general election.

The move immediately fired speculation of a devaluation. Some financial experts, however, believe that the new Labour Government of Mr David Lange, which does not officially take office for another 12 days, may prefer to float the dollar.

Mr Spencer Russell, the Reserve Bank Governor, said foreign exchange dealing had been halted because of uncertainty on the market. The closure, effective immediately, would allow time for a reassessment of the position of the New Zealand dollar and the market, he said.

The Reserve Bank announcement came shortly after Mr Lange had returned to Wellington to welcome Mr George Shultz, the U.S. Secretary of State, and to forestall a potential conflict with the U.S. over the Labour Party's anti-nuclear policy.

Mr Shultz arrived with Mr Bill Hayden, the Australian Foreign Affairs Minister, for today's council meeting of ANZUS, the defence pact linking the U.S., Australia and New Zealand.

The Reserve Bank stepped in to support the dollar during the election campaign after speculation of a devaluation had prompted a scramble by banks, finance houses and private speculators to move money out of the country.

Sir Robert Muldoon, the Prime Minister and leader of the outgoing National Party, then claimed that he had made it too costly for Labour to devalue, if it won the election. Last night, Sir Robert had no comment on the Reserve Bank move.

The foreign exchange issue and the country's fiscal difficulties will be high among the priorities for the new Government, which will have a 17-seat majority to give it confidence to introduce tough measures.

Five Cabinet ministers, a junior minister and the Speaker were among the seven National Party members who lost their seats in Saturday's election. In the 95-member parliament, Labour finished with 56, the National Party with 37 and Social Credit with two. The National Party had a majority of one in the last parliament.

Labour's majority might increase during the coming week as five National Party MPs, including one Cabinet Minister, retained their seats by fewer than 300 votes and postal votes still have to be counted.

At 41, Mr Lange will be New Zealand's youngest ever Prime Minister.

The Labour Party has adopted an anti-nuclear policy which would ban nuclear-powered ships from its ports.

Lange profile, Page 16

Mitterrand warns on defence as he pledges reduction in taxes

BY PAUL BETTS IN PARIS

PRESIDENT François Mitterrand announced an 8 per cent reduction in French taxes next year, warned of cuts in the so far "untouchable" defence budget, and confirmed his decision to drop a controversial education Bill splitting the country during a July 14 weekend that marked a new evolution in his three-year presidency.

President Mitterrand also confirmed that he would submit to the National Assembly and the Senate this week, probably after a Cabinet meeting on Wednesday, his detailed proposals to amend the constitution to broaden the use of the referendum in cases involving basic individual freedoms.

However, he excluded the use of the referendum on the death penalty issue.

For the second time in his administration, President Mitterrand has retreated from his election programme and in a sense turned his back on his own left-wing, socialist-Communist coalition majority.

After the reversal on economic policy and the substitution of austerity for the initial expansionary programme, President Mitterrand has bowed to what he recognised was the wishes of most of the country if not of his own left-wing parliamentary majority and dropped the current private education reform bill.

The warning of possible cuts in the defence budget also marks a new reversal in policy. In his annual address to the armed forces, President Mitterrand said the armed forces could not escape the current economic situation.

Until now, the armed forces had been given special treatment by the Government, which pledged that budgetary sacrifices would not fall on defence.

However, it is now clear that cuts are expected to be made in next year's defence budget as part of the overall effort to hold down government spending, at the same time as reducing the overall tax burden.

In advance of the presentation of the 1985 budget, President Mitterrand said next year would see "the biggest reduction in taxes since the Liberation." He said the main tax cuts would involve income tax and the so-called "professional" tax paid by business and industry. He indicated the cuts would amount to about 8 per cent of the Government's total annual fiscal revenues of around FFr 810bn ($93bn).

President Mitterrand had pledged last year to reduce the tax burden by 1 per cent of gross domestic product to try to win back some popular support for his unpopular economic austerity policies.

In the same way, he has now sought to regain the political initiative, which was fast slipping away ever since the defeat of the French left in the European elections and the private schools controversy, with his new referendum proposals.

So far, President Mitterrand appears to have fended off, for the summer season at least, the rising challenge of the right-wing opposition to his authority and administration with his latest moves which have taken the country by surprise.

France tries to boost exports to China, Page 3

CONTENTS

OVERSEAS NEWS

HK's views on its future to be tested soon

BY DAVID DODWELL IN HONG KONG

BRITAIN will announce detailed arrangements for testing whether people in Hong Kong find acceptable the Sino-British agreement on the colony's future, Mr Richard Luce, Britain's Secretary of State for Foreign Affairs, said.

Increasing concern has been expressed in Hong Kong that Sir Geoffrey Howe, Britain's Foreign Secretary, would not live up to a promise made in April that the Sino-British agreement, due to be signed in September, would have to be acceptable to local people.

Mr Luce said at the end of a two-day visit packed with meetings with political, business and community leaders, that Britain was fully committed to testing local views about the agreement.

"We are giving the closest possible consideration to the mechanics for obtaining the views of the people in Hong Kong. We would like to be in a position soon to announce our plans."

He refused to be drawn further, but local newspapers suggested Sir Geoffrey would unveil the plan late next week on his way for talks in Peking with Wu Xueqian, his Chinese counterpart.

Mr Luce reaffirmed Britain's commitment to retaining "responsibility for the administration of Hong Kong in the 13 years to 1997."

The comment was addressed directly at local fears that a joint Sino-British Commission is to be set up to oversee the transition to Chinese sovereignty.

Mr Luce emphasised that the secret Sino-British talks had not stalled: "There is still some way to go. But the talks continue to move ahead. I remain confident that an agreement can be reached which we can recommend to the people of Hong Kong and ultimately to the British Parliament."

He repeated Britain's commitment to an agreement that was "detailed and binding."

● Hong Kong's Association of Banks surprised the money market at the weekend when it decided against a further large rise in lending rates.

The prime lending rate was raised by a record 3½ per cent to 17 per cent on July 6 as an emergency move to halt the slide of the Hong Kong dollar against the U.S. currency.

Overnight inter-bank interest rates rose to between 60 and 70 per cent on Friday night. Bankers warned they may rise still higher today.

Israel plans more West Bank settlements

BY DAVID LENNON IN TEL AVIV

THE ISRAELI Government is planning to establish up to 12 new Jewish settlements on the occupied West Bank and in the Gaza Strip during the week which remains before the July 23 general election. The first was inaugurated yesterday.

Fearful that it may lose the election to the Labour Party, the Government clearly wants to set up more obstacles to any attempt by a Labour Government to withdraw from part of the West Bank in exchange for a peace agreement with Jordan.

As far as can be ascertained, the plan is to establish at least five new settlements on the West Bank and another three in the Gaza Strip in the days before next Monday's general election.

There are reported to be plans for small groups of Israelis to establish new settlements on sites not yet approved by the Government.

It is also reported that as many as 11 paramilitary outposts will be converted into civilian settlements this week.

Such a move would make it more difficult to disband them—something relatively easy for a Labour Government to do if they were still being operated by the army.

The Cabinet's settlement committee yesterday approved creation of yet another five new settlements. Work on these, four on the West Bank and one on the Golan Heights, could not commence for some months yet.

The ruling Likud bloc, which is trailing in the opinion polls, opposes giving up any part of the West Bank at all.

The Labour Party is against Jewish settlements in those parts of the occupied territories densely populated by Palestinians because it does not want another 1.28m Arabs incorporated into Israel.

One of the key goals of the Likud is to make it impossible to sever the West Bank from Israel. To this end, it built dozens of settlements all over the occupied territories in the past seven years. However, Labour claims tha tdespite the vast budget expended, only 15,000 Jews actually moved into these settlements.

Not all the settlements already approved by the Government have been built. This means that many of this week's new settlers will have to be housed in caravans or tents. If Labour wins the election, it is likely to withhold any funds for development of these settlements.

● *Inflation last month reached 13.3 per cent, four times higher than a year ago. This means it is still running at an annual rate of almost 400 per cent.*

Police scatter Srinagar protest

POLICE FIRED in the air and used baton in Srinagar yesterday to disperse about 300 people marching in protest at the dismissal of Dr Rarooq Abdullah's government in Jammu and Kashmir nearly two weeks ago.

Dr Abdullah emerged from hiding to lead the demonstration from his National Conference party headquarters to the Martyrs' Memorial, three kilometres away.

Mr Ghulum Mohammad Shah, his brother-in-law who has been installed as chief minister in his place with the help of the Congress (I) Party of Mrs Indira Gandhi, had clamped down curfew on parts of the city in an attempt to prevent the demonstration.

Eyewitnesses said the demonstrators fled in panic after the troops fired in the air.

Syrian troops enforce ceasefire

By Louis Fares in Damascus

SYRIA has enforced a ceasefire between rival pro-Syrian Lebanese militias fighting for control of Khoura province in north Lebanon.

Syrian troops already stationed in the country moved into strategic villages.

President Hafez al Assad threatened direct intervention if the groups, the Marada militia of Maronite Christians of former President Suleiman Franjieh and the non-sectarian National Syrian Socialist Party of Mr Inaam Raad, did not cease hostilities. Both groups were once in the National Salvation Front aimed at aligning Lebanon more closely with Syria.

The fighting, which flared last Wednesday, has left at least 40 dead and 180 wounded. It followed an accord by the new National Reconciliation Cabinet in Beirut which called for disengagement of rival militias. Although the accord appears to have held in other parts of Lebanon, fighting did break out in the north.

Mr Rashid Karami, the Prime Minister, who is a Sunni Moslem and from the north, was in the area yesterday trying to calm the situation.

Malaysian PM shuffles his Cabinet

By Wong Sulong in Kuala Lumpur

MALAYSIA'S Prime Minister, Dr Mahathir Mohamad, has consolidated his position in a major cabinet reshuffle over the weekend, in which he appointed Mr Daim Zainuddin, his close adviser, as new Finance Minister.

Tengku Razaleigh, Finance Minister for the past eight years, was demoted to the Trade and Industry Ministry.

He also lost the equally important post as chief of the ruling United Malays National Organisation (UMNO) in Kelantan State, his power base, as the price for losing a second time to Datuk Musa Hitam for the UMNO deputy presidency in the party's elections last May.

Mr Daim, 45, a lawyer, has no previous government experience, although he had been assigned to several sensitive political jobs in the past, notably during the ousting of Kalong Ningkan as Sarawak's Chief Minister in 1965.

In the past five years he has risen to be one of Malaysia's most influential corporate figures, and is head of the country's largest newspaper chain.

In an interview with the Financial Times recently — the first he has ever given to the foreign Press — Mr Daim spoke of the need for Malaysia to adopt a more liberal attitude towards foreign investments.

Foreign companies should be allowed to retain 51 per cent or more equity control if they meet certain criteria in employment and technology, he declared.

Tan Sri Ghazali Shafie, the veteran Foreign Minister, was among three Ministers dropped by Dr Mahathir.

Tan Sri Ghazali, 62, played an important role in shaping Malaysian foreign policy as head of the Foreign Service during the 1950s and 1960s, and later as a Minister for 14 years.

His successor is Tengku Rithauddeen, who had been Foreign Minister during the 1970s.

Dr Mahathir and his deputy, Datuk Musa, retained control over national security by keeping the defence and home affairs portfolios to themselves.

Japanese coal liquefaction gets backing

By Maurice Samuelson in London

ABOUT 20 leading Japanese companies will form a joint venture in October to carry a Government-backed Y100bn ($414m) coal liquefaction project, the Ministry of International Trade and Industry said in Tokyo.

The Japan Oil Company, capitalised at Y1bn, will study coal liquifaction technology and design, build and operate a pilot plant capable of processing 250 tonnes of coal a day.

The plant, which will probably be built at the Kashima works of Sumitomo Metal Industries, will be completed by 1990.

The second stage will be a 30,000 tonnes-a-day demonstration plant, which will pave the way for commercial production, possibly towards the end of the century, the ministry said.

South Africa is the only country known to be producing oil from coal on a commercial scale. Total output is reported to be equivalent to 50 per cent of the country's demand for petrol and diesel.

Last month, a Soviet newspaper quoted by Reuters said the Soviet Union had developed technology to produce liquid fuel from Siberia's brown coal deposits and was building an experimental plant near Moscow.

Soviet officials have been negotiating for seven years to buy synthetic fuel plants from West Germany for use on the Kansk-Achinsk lignite fields.

● Japanese private sector machinery orders, excluding ships, fell in May to a seasonally adjusted Y568.77bn from Y939.44bn in April, when they had risen 61.4 per cent from March, the economic planning agency said, Reuters reports from Tokyo.

Unadjusted, May orders were up 15.6 per cent from a year earlier

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Poland expects to normalise bank links

By Peter Montagnon, Euromarkets Correspondent

POLAND expects a gradual normalisation of its relations with commercial bank creditors following the signing on Friday of a $1.6bn (£1.14bn) ten-year rescheduling agreement, Professor Witold Bien, Deputy Finance Minister, said.

The agreement, which covers all debt falling due between this year and the end of 1987, "finally solves outstanding debt problems with commercial banks," Prof Witold said.

From now on, it should be easier for Bank Handlowy, Poland's Foreign Trade Bank, to conduct its international banking business with easier access to trade credits, foreign exchange business and interbank lines, he declared.

Bank Handlowy suffered a serious drain on deposits when the Polish debt crisis broke in 1981.

Prof Witold made it clear that Poland still faces a long struggle to restore its balance of payments to a manageable equilibrium. It would probably be 1987 before its surplus on visible and invisible trade was sufficient to cover the country's debt service requirements.

This year, the surplus was expected to be between $1.8bn and $1.9bn including a $500m surplus on invisibles and Poland had to increase its imports from the West slightly this year after they fell in 1983 to a level 50 per cent below their total in 1980.

Prof. Witold stressed that Poland was committed to paying its $26.4bn debt to the West. It wanted to join the International Monetary Fund and reschedule its debt to governments through the Paris Club, but progress in this area "was now being blocked by the U.S."

"We can't force anybody to co-operate with us but we declare our willingness and readiness to co-operate with any country on the basis of mutual benefit."

Commercial bankers believe that following Friday's rescheduling, Poland's creditworthiness might improve to the point where it can obtain fresh credit over and above the $645m in new money promised under the refinancing agreement.

Mr Kazimierz Glazewski, President of Bank Handlowy, added however, that it would be some months before it will be possible to judge the degree to which Poland has succeeded in normalising its relations with Western banks.

Commenting on the current dispute with a syndicate of Swiss banks over payment of a SwFr 12.3m (£3.8m) instalment due on a private placement arranged in 1979, Mr Glazewski said that two earlier payments of principal had been made in error.

He reiterated Bank Handlowy's present view that under terms of its rescheduling agreement with commercial banks, it could only redeem bonds held by private individuals.

It was not refusing payment on the Swiss issue, but wanted first a breakdown from the lead managers of the amounts held by private individuals as compared to banks.

Eta extraditions

Madrid's campaign to undermine the Basque ETA organisation has received a boost with the extradition from Belgium of two alleged Eta terrorists—the first time Madrid has succeeded in such extraditions, David White reports. The two, Sr Jose Arteche and Sr Salvador Ormaza, were flown to Madrid on Saturday.

Fed believed unlikely to take tougher line on monetary policy

BY STEWART FLEMING IN WASHINGTON

THE U.S. Federal Reserve Board's monetary policy-making Open Market Committee meets today and tomorrow amid widespread expectations that the central bank will not tighten its credit policy in coming weeks.

Many economists feel, however, that a combination of subtle but hard-to-ignore political pressure and more favourable than expected economic data will make it difficult for Fed officials to argue that higher interest rates are needed on domestic economic policy grounds.

Dr Henry Kaufman, chief economist of Salomon Brothers, has predicted that with the money supply under control and the dollar extremely strong the Fed will not change to a tougher monetary policy.

Mr Wiliam Griggs, of Griggs and Santow in New York, says: "It is hard to move against inflation which does not seem to be there."

Many economists have been astounded at the relative stability of prices in recent months. Some are even beginning to become worried by the drop in certain key commodity prices and are warning that "disinflation" or falling prices could become a serious problem.

Price declines, they say, can produce heavy losses for commodity producers and farmers, as well as companies which find themselves holding large stocks of goods worth considerably less than they bought them for.

The most striking recent indicator of price stability was released on Friday when the U.S. Government reported that for the third successive month, wholesale prices did not rise at all. In all of 1983 wholesale prices rose by only ½ a percentage point.

Indicative of what one chief economist described as "a remarkable transformation in the mood in the financial markets" was last week's rally in the Wall Street bond market—the best of the year.

It took the key 13¼ per cent long U.S. Treasury bond, which peaked in May at a yield of 13.90 per cent, down to a yield of 13.05 per cent. "The market senses there is potential for more disinflation," the economist said.

How permanent the improved inflation outlook is likely to be is hotly disputed. Many economists maintain that extraordinary factors, such as the high dollar, are suppressing inflationary pressures and that, as the economy continues to expand at a healthy rate, these pressure will re-emerge.

Others fear a sharp slowdown in the economy next year. This year's economic performance is generally expected to be one of the best on post-war record. The economic consensus now points to real growth of 6.5 per cent for the year.

Washington again signals doubts over World Bank

BY OUR WASHINGTON STAFF

UNITED STATES opposition to the appointment of Sir William Ryrie as executive vice president of the International Finance Corporation (IFC), a World Bank affiliate, is being seen as another sign of the Bank's difficulties in developing policies in the face of U.S. scepticism about its effectiveness.

It emerged last week, after the appointment of Sir William, a former senior British Treasury official, was announced that the U.S. had been pressing Mr A. W. Clausen, the World Bank's president, to appoint a Latin American to the job.

Newspaper reports that Mr Donald Regan, the U.S. Treasury Secretary was angry about Sir William's appointment prompted a U.S. Treasury statement that it "fully supported" the decision but that the U.S. favoured the "Latin American consensus candidate."

The Reagan Administration has consistently adopted a sceptical, many would say hostile, attitude to the World Bank. The economic summit in June appeared to be encouraging the Bank to play a wider role in the international debt crisis, but the U.S. made clear afterwards, that Washington opposed a general increase in the Bank's capital, which many see as an essential forerunner.

Reagan arms talks offer

BY OUR WASHINGTON STAFF

PRESIDENT Ronald Reagan has written to Mr Konstantin Chernenko the Soviet leader saying that although the U.S. is ready to meet Soviet officials to discuss anti-satellite weapons in September, it is also prepared to postpone the meeting until after the Presidential elections in November.

U.S. officials are suggesting that one reason for opening the door to a delay is to ease Soviet concerns that the talks could become bound up in Presidential election campaign politics.

While the Administration is suggesting that this is a source of anxiety to the Soviet Union, the Administration itself may well feel more comfortable with a date after the Presidential elections.

Since it was the Soviet Union which originally suggested September for the talks, it is hard to imagine that Soviet strategists did not feel there were advantages to them in the September suggestion.

Since the original suggestion from the Soviet Union last month about talks on anti-satellite weapons, both superpowers have been bogged down in diplomatic manoeuvres aimed at exploiting the opening to their best advantage, and at avoiding the suggestion that their side is responsible for any failure to get the talks started.

Texas airline orders $500m Boeing jets as prospects improve

BY MICHAEL DONNE, AEROSPACE CORRESPONDENT

SOUTHWEST AIRLINES, of Dallas, Texas, has ordered another 21 advanced short-to-medium range Boeing 737-300 jet airliners, worth about $500m (£370m).

This brings to 31 the number of 737-300s on order for the airline, with another nine on option. Deliveries start this November.

The deal brings total sales of the 737-300 this year alone to 74 aircraft, substantially exceeding the sales of 25 aircraft achieved in the whole of 1983 and reflecting the improving financial climate in the U.S. airline industry, especially among smaller regional airlines.

The deal also brings total Boeing 737-300 sales to date to 124 firm with another 47 on option, and brings total sales of all versions of the 737 to 1,215 aircraft, of which 1,025 have been delivered.

Although one U.S. airline, Air Florida, has filed for bankruptcy in recent weeks under Chapter Eleven proceedings, the U.S. airline industry as a whole is doing better this year than last.

Airline analysts are forecasting that, when all the final results are available, the second quarter of this year will show net income for the industry at $350m or more, against $112m net income in the second quarter of last year.

The improvement in orders is stemming not only from this situation, but also from the need for many airlines to replace ageing fleets to beat the imminent introduction of more stringent noise rules.

An estimate by the Air Transport Association of America shows that, out of a total jet fleet of about 1,890 aircraft operated by the U.S. airline industry, about 30 per cent were bought before 1970.

● During the past six months, the values of the smaller second-hand aircraft types, such as Boeing 727s, 737s and McDonnell Douglas DC19s, have increased, reflecting the airlines' increased need for smaller jets.

The prices of narrow-bodied four-engined aircraft, such as many Boeing 707s and McDonnell Douglas DC-8s, have fallen in value, since they are ageing and many are coming close to being grounded, especially in the U.S. and Western Europe, because of new noise regulations.

These trends, outlined by Jordan Greene & Associates, the U.S. second-hand aircraft specialists, stem from the improving economic situation.

U.S. stands firm on Hong Kong textile limits

BY DAVID DODWELL IN HONG KONG

HONG KONG failed at the weekend to persuade the U.S. Trade Department to lift restrictions imposed unilaterally in recent months on a range of garment exports.

Hong Kong trade officials have called the restrictions "very disruptive," and claim that a number of textile exporters in the British colony face difficulties over the next six months because of the U.S. move.

The restrictions affect not just Hong Kong, but about 20 other textile and garment exporting countries. They are closely linked with the U.S. presidential election campaign. President Reagan last December assured textile interests, whose support he was lobbying, that import restrictions would be tightened.

Negotiations in Washington at the end of last week tackled the latest six of a total of 15 "calls" made by the U.S. this year against specific categories of textile and garment exports from Hong Kong. A "call" is made when an importing country feels suppliers are disrupting the local market. It involves an embargo on fresh export orders until the dispute is settled.

Hong Kong's Trade Department announced on Saturday, at the end of the negotiations, that Hong Kong had agreed to impose limits on two categories, that the U.S. had unilaterally imposed a limit on another category, and that further discussions on the other three would have to be held later.

More than 80 per cent of Hong Kong's textile exports — worth $2.04bn (£1.4bn) in 1983 — are already subject to quota limits. "Calls" can only be made against items that fall outside the range of quotas.

As a result, some commentators have suggested that "calls" are of marginal importance to Hong Kong's textile and garment manufacturers. A Trade Department official yesterday contested this claim, noting that as a result of the 13 "calls" successfully imposed in 1983, all of which were absorbed into Hong Kong's 1984 quotas, trade subject to quota limits rose from 64 per cent of all textile exports to 80 per cent.

The U.S. has issued about 100 calls so far this year. Other suppliers seriously affected are China, India, Korea and Taiwan. U.S. trade officials in Hong Kong said at the weekend that further calls were almost certain in the months up to the Presidential election.

While conceding that political commitments made by President Reagan had triggered the blitz of calls, he pointed to a 21 per cent increase in the volume of Hong Kong's textile exports to the U.S. if the first four months of 1984 are compared with the same period in 1983.

He highlighted even stronger growth in some of the categories that have been "called." For example, Hong Kong manufacturers exported 35,000 dozen manmade fibre playsuits to the U.S. in 1983, but in the first five months of this year had exported more than 92,000 dozen.

Perversely, such surges in export volume may be directly due to exporters anticipating a spate of calls in an election year, the U.S. official admitted. He said a number of textile manufacturers in Hong Kong had made great efforts to finalise export orders early in the year so that they could get their goods "under the fence" before restrictions were imposed.

UK groups close to $300m deal

By David Churchill

TWO BRITISH companies, Rolls-Royce and Standard Telephones and Cables, are on the verge of clinching big export deals worth a total of almost £300m with Saudi Arabia and Singapore.

The Rolls Royce contract, worth an estimated £200m, is to supply the state-owned Saudi Arabian airline with an up-dated version of its RB 211 jet engine for a new fleet of Boeing 747s. The STC contract, believed to be valued at almost £100m, is to supply a new submarine telephone cable system between Australia and Singapore. Both deals are expected to be formally announced shortly.

Rolls-Royce's deal with the Saudis is an important boost to the Derby-based company which earlier this year disclosed a net financial loss of £193m for 1983 and which has been forced to shed several thousand jobs over the past year.

A total of 50 new versions of the RB211 are likely to be bought by the Saudis.

A Rolls-Royce spokesman in London refused to comment yesterday on speculation that the deal might be partially financed in oil rather than cash. STC's contract to supply submarine telephone cable between Perth, Australia, and ingapore is its third major far eastern cable contract to be awarded this year.

France tries to boost exports to China

BY PAUL BETTS IN PARIS

FRANCE is making a major effort to boost its presence on the Chinese agricultural market — the world's largest — and has high hopes of increasing sales of French agricultural and food processing equipment to China.

M. Michel Rocard, the French Agriculture Minister, has just signed three new accords with China to increase economic, scientific and technical co-operation in the agricultural and food sector between the two countries.

The latest accords were signed on Friday at the end of a visit to France by He Kang, the Chinese Agriculture Minister. It was the first visit to France by a Chinese Agriculture Minister.

M Rocard said the main fields of co-operation between the two countries involved the drink sector, milk production and processing, the manufacturing of bread, animal husbandry and meat processing, and fruit and vegetable production and processing.

In the milk sector, M Rocard said Sodima, one of France's largest milk co-operative unions, was negotiating a project to build a yoghurt manufacturing plant in Peking. The French Minister indicated that technical studies for the project were already advanced.

The construction of a new dairy in Peking was also being considered, and France is working on a goat cheese development project for China.

In the drinks sector, Pernod-Ricard, the French drinks concern, is negotiating an agreement with the Chinese province of Henan to produce 2m bottles of wine a year. The French company has also approached two other Chinese provinces to co-operate in orange and apple juice and processing ventures.

M Rocard also said Remy-Martin, the French cognac producer, was intensifying its co-operation efforts with China. Remy-Martin is currently involved in a joint venture to produce the Chinese wine called "Dynasty".

M Rocard said France was ready to help China with agricultural training and research.

Finns win contracts worth $235m

VALMET, the Finnish state-owned engineering group, has won orders valued at $235m (£174m) for 23 container stacking straddle carriers, Lance Keyworth reports from Helsinki.

Most of the contracts are with U.S. companies. Units will also be delivered to Saudi Arabia, Portugal, West Germany and Belgium.

The materials handling division of the Valmet transport group will also deliver three mobile gantry cranes for container handling to Jamaica for the container port at Kingston. This is Valmet's first contract in the Caribbean.

Ghana gets new accord out of Valco

By Quentin Peel

GHANA has succeeded in negotiating a new agreement with the Volta Aluminium Company (Valco), 90 per cent-owned by Kaiser Aluminium of the U.S., providing for higher electricity payments and lower power consumption by the drought-hit aluminium smelter at Tema, near Accra.

The deal was reached last week after negotiations lasting more than 13 months to change the master agreement for the Valco operation, which was the biggest project of its kind in sub-Saharan Africa when it came into production under President Kwame Nkrumah

However, the agreement cannot immediately restart operations at the 200,000-tonnes capacity smelter, which has been closed since last year because of drought which has reduced the level of the Akosombo dam below the minimum necessary to provide it with power. The earliest it could start up again, if the present good rains last, would be October.

Details of the agreement are expected to be published this week after being reviewed by Ghana's ruling Provisional National Defence Council. Officials close to the negotiations say it will mean extra income of some $50m (£37m) to $60m in a good average year for Ghana.

Apart from an increase in the electricity price paid by Valco to the Volta River Authority (VRA), and changes in taxes and import duties, the new agreement will cut back the amount of power supplied to the smelter when Akosombo is operating below capacity, thereby allowing the VRA to sell more to domestic consumers

The successful renegotiation, regarded as an important indicator of the Ghana Government's relations with foreign investors, was welcomed by Mr John D. Miller, managing director of Valco, who said the new agreement "will provide greater economic benefits to Ghana

Canada to ease controls on gas sales

Bernard Simon in Calgary

THE Canadian Government is to take an important step towards more market-oriented energy policies by relaxing price controls on natural gas exports.

Mr Gerald Regan, the Energy Minister, said that the new gas policy, advocated for some time by the country's energy producers, is an important element of deregulation.

The relaxation coincides with growing evidence that the Liberal Party government is preparing a major overhaul of the controversial National Energy Policy, assuming it is returned to power in the September 4 general election. The opposition Progressive Conservative Party is committed to watering down the NEP, which was implemented four years ago to expand Canadian participation in the oil and gas industry and to hold down domestic energy prices.

The relaxation in gas pricing is aimed at boosting Canada's competitiveness in the U.S. Sales to the U.S., currently fixed by Ottawa at $4.40 per thousand cubic feet, totalled 713bn cubic feet in 1983, only about 40 per cent of authorised volumes.

Exporters' ability to increase sales has been inhibited by fixed prices set by the authorities. According to Mr Regan, exporters will be able from November 1 to negotiate their own prices with potential buyers, subject to a number of conditions. Export prices will not be allowed to fall below $3.06 per thousand cubic feet. In addition, contracts must permit future adjustments to reflect changing market conditions.

Mr Regan said that the new policy will enhance cash flow to the producers, promote activity by the natural gas industry, create jobs for Canadians and generate revenues to the producing provinces and the Government of Canada.

SHIPPING REPORT

Attack on BP tanker keeps Gulf market in turmoil

FINANCIAL TIMES REPORTER

THE SURPRISING attack on British Petroleum's tanker, British Renown, last week kept the Gulf tanker market in some turmoil.

A 235,000-ton ship has been chartered from Kharg Island to Japan at worldscale 70, down about five points on recent rates for this category, but shorter voyages from Kharg are at substantially higher rates. A 215,000-ton tankers with a part cargo for the Red Sea went at worldscale 112½.

Rates from other Gulf ports remain closer to the depressed levels of recent months, but trading is said to be restricted. One 240,000-ton tanker went from Kuwait to Taiwan at Worldscale 43.

Tanker activity has been stronger in West Africa. Two ships in the 130,000-ton class were chartered at worldscale 34.75.

The number of laid-up ships fell again in June to 1,471 vesselus of 71.31 dwt from 1,495 vessels of 74.12m dwt in May, according to Lloyd's Monthly List. Laid-up tankers fell by over 2m dwt to 58.2m dwt, but there was only a net decline of 10 dry cargo vessels.

WORLD ECONOMIC INDICATORS

INDUSTRIAL PRODUCTION

(1975 = 100)

					% change over previous year
	May '84	Apr. '84	Mar. '84	May '83	
U.S.*	163.2	162.5	160.8	144.4	+13.0
	Apr. '84	Mar. '84	Feb. '84	Apr. '83	
W. Germany	115.7	115.5	117.6	110.8	+ 4.4
France	114.2	116.7	115.6	113.0	+ 1.1
Italy	116.2	120.4	115.9	117.0	− 0.7
UK†	101.7	101.9	102.9	99.3	+ 1.9
Japan†	113.6	112.7	114.2	102.4	+10.9
	Mar. '84	Feb. '84	Jan. '84	Mar. '83	
Netherlands	114.6	113.2	113.7	106.8	+ 7.3

* 1967 = 100 † 1980 = 100

Source (except U S., Japan, UK): Eurostat

Pit new technology forecast to cause heavy job losses

BY PHILIP BASSETT, LABOUR CORRESPONDENT

BRITAIN'S coal industry is likely to employ as few as 79,000 miners by March 1988 because of the impact of new technology on the industry's present workforce of about 190,000, according to an academic study published today.

Dr Martin Newby, one of the authors of the study which was last week endorsed by the executive of the National Union of Mineworkers (NUM), said yesterday that the effect of the modernisation plans of the National Coal Board (NCB) would be "an accelerating programme of pit closures as the board brings in its 25m tonnes of new capacity."

He added: "Although this makes economic sense in the short term, in the long term it could make us dangerously dependent on imported fuels from politically unstable areas."

Although the NUM has supported the research behind the study, by the University of Bradford's working environment research group, the conclusion by Dr Newby that the NCB's plans make "economic sense," even in the short term is unlikely to draw the agreement of Mr Arthur Scargill, NUM president.

The study, mainly into the impact of the NCB's mine operating system (Minos), raises the estimates of an earlier interim report by the group, of the impact on jobs of the Minos new technology.

Noting that "the NCB has achieved a rate of implementation of new technology unparalleled in any other industry," the study suggests that the best case estimate of jobs at risk is 74 per cent, leaving an industry of 59,000 workers, and the elimination of all production delays would place 83 per cent of jobs at risk, leaving an industry of 38,000 workers.

In an attack on the NCB's closure programme, the study says: "Once mining operations have ceased and pits have closed, the reserves have effectively been 'sterilised' because it is impossible to return to areas where the geology has been affected by the collapse of workings.

"Thus the reserves of coal available to the nation may be reduced by giving precedence to short-term profitability."

● The Government's withholding of tax refunds due to striking miners is inexcusable at a time when miners and their families are undergoing considerable hardship, according to the Inland Revenue Staff Federation. The union calculates that £6.8m is owed to mineworkers.

FT/MARPLAN POLL FINDS DIRECTORS CONCERNED ABOUT STERLING'S FALL

Confidence in Government wanes

BY MALCOLM RUTHERFORD

CONFIDENCE in Mrs Margaret Thatcher's Government has fallen sharply among senior directors of British companies since the general *election in June last year.*

Nearly half of them, however, believe that the recent rise in interest rates is only temporary and expect a fall before the year is out.

There is also a marked tendency among the directors to have more confidence in the performance of their own company than in that of the national economy as a whole.

Over 70 per cent of directors, including those responsible for industrial relations, think that the law should be used against secondary picketing in the miners' strike.

Those are some of the main findings of an extensive poll conducted by Marplan for the Financial Times on Thursday and Friday of last week.

The poll also shows considerable concern about the fall of sterling against the dollar, although against European currencies 58 per cent of those interviewed said that the sterling rate was about right and 20 per cent said that it was too low.

Asked about their confidence in Mrs Thatcher's administration, 50 per cent said that it had fallen since the last general election. Around 45 per cent said that it was unchanged and a statistically insignificant one per cent said that it had risen.

The poll was commissioned in the light of the rise in interest rates, the weakness of the pound and concern about the effects of the miner's and *dockers' strikes.*

The most striking single finding is that a majority of directors seem to believe that their companies are sufficiently resilient to withstand the latest events without too much difficulty.

Whereas 52 per cent of those polled said that the rise in interest rates would be damaging to the national economy, and 14 per cent said that it would be very damaging, the figures changed when it came to their own companies.

It was felt by 33 per cent that the rise in interest rates would be damaging. Nine per cent said that it would be very damaging. Half the respondents said that the effect on their company would be marginal.

Expectations on interest rates at the end of the year was as follows: *15 per cent thought they would be* higher, 35 per cent thought they would be about the same, and 47 per cent expected them to be lower.

Divergences about the effect on the national economy and on individual companies came out again in answers to questions about the sterling-dollar exchange rate.

More than 70 per cent of those polled were worried about the national consequences of the fall of the pound against the U.S. currency. Only six per cent were pleased by the fall; 21 per cent were indifferent.

The percentages changed, however, when the question was related to the effect of sterling's weakness against the dollar on their own company. In that context, 43 per cent were worried by the pound's fall, 39 per cent were indifferent and 15 per cent were pleased.

Perhaps the most surprising finding is the apparent general satisfaction with sterling's present rate against the main European currencies. Not only did 58 per cent of those polled say that it was about right, but 20 per cent said that it was too low and only 13 per cent said that it was too high. Nine per cent did not know.

The 'don't knows' also figured quite prominently (12 per cent) in response to a question about the use of the law against secondary picketing in the miners' strike.

While 71 per cent said that the law should be used, 17 per cent said that it should not. On this question there was some difference between responses from directors of small and large companies

At companies with a payroll of less than 100, the percentage of directors favouring the use of the law was 77. At companies with a payroll of over 1,000, it fell to 64.

On behalf of the Financial Times, Marplan interviewed 537 senior directors of companies with a turnover of £5m or more. Interviewing was conducted by telephone on 12-13 July.

Do you think that the recent increases in interest rates are likely to be damaging, very damaging or only marginally damaging?

	Percentage		
	Very damaging	Damaging	Marginal
To the national economy	14	52	33
To your own company	9	33	50

Do you expect interest rates at the end of the year to be higher, lower or about the same?

Higher	Lower	About the same
15	47	35

Conservatives seek to win votes from environmental lobby

BY ROBIN PAULEY

THE GOVERNMENT is to make a determined effort to attract the votes of the environmentalist lobby for the Conservative Party. Its major weapon is likely to be the establishment of a special unit dealing exclusively with environmental issues.

The unit's aim will be to co-ordinate government activity on environmental matters, alert ministers to such issues which affect their departments, and to try to identify important issues before they become the subject of public concern.

In addition, the unit's work will help to support ministers in attempts to persuade voters of the Conservatives' concern about the environment.

The Prime Minister, Mrs Margaret Thatcher, has been persuaded by her party managers and advisers that the Conservative Party should give high priority to capturing the green vote in Britain.

Mrs Thatcher is thought to have been concerned for some time at the political headway made in other European countries by groups which started as small environmental lobby groups and became of substantial political importance.

The most successful has been the West German Green Party, which now has seats at local, state and federal government level and last month displaced the Free Democrats as the third party representing West Germany in the European Parliament.

Conservative Party managers believe that it is only a matter of time before similar environmental pressures build up in Britain and that they should attempt to capture a potential substantial minority vote. One fear has been that the Liberal/Social Democrat Alliance would take the initiative, given the consistently low showing in polls of Britain's Ecology Party.

The idea is that once the Government can free itself from the problems of its local government legislation, the propaganda unit created at the Department of the Environment to try to promote the various local government Bills might be used to win the initiative on environmental issues ranging from acid rain to river pollution.

Mr William Waldegrave, junior Environment Minister, who was asked to be propaganda minister for the local government legislation by Mr Patrick Jenkin, the Environment Secretary, would take on a similar role for environmental issues.

There has already been some change in the Government's attitude to some environmental issues. Britain has shifted from acting in a manner which delayed EEC proposals to reduce the lead content of petrol, to being a more active supporter of the plan.

Study launched into ethnic business help

By Tim Dickson

MR LEON BRITTAN, the Home Secretary, has set up a working party to look into ways in which the Government might help ethnic-minority businesses.

The committee comprises officials from government departments, senior executives of large companies in the private sector and representatives of the black business community.

Discussions so far are at a very exploratory stage although several parts of the country with high immigrant populations – Sandwell and Handsworth in Birmingham, Moss Side in Manchester, Bristol, Haringey and Hackney and (possibly) Lewisham in London – have been selected for particular study.

One idea is that assistance in the form of advice, training and finance specifically geared to ethnic-minority businesses could be made available through enterprise agencies.

There are locally-based partnerships between successful companies in the private sector and local authorities which have been enthusiastically encouraged by the Government as part of its small firms policies. There are between 150 and 200 around the country.

Oil industry expects petrol price rises after BNOC move

BY DOMINIC LAWSON

THE DECISION by the British National Oil Corporation (BNOC) to peg the price of the North Sea marker crude, Brent, at $30 a barrel for the third quarter has strengthened the belief in the oil industry that a rise in UK petroleum prices is imminent.

Companies with UK refining and marketing interests say the price of the oil they buy from BNOC has risen sharply in sterling terms since crude is priced in dollars.

In the past month the spot market prices of premium gasoline, gas oil and fuel oil have remained stable, while the pound has fallen about 5 per cent against the dollar.

The managing director of a UK petrol retailer, citing these figures, said yesterday: "No one is making money in the UK petrol market at the moment. I am confident there has got to be a petrol price increase this week."

When the last UK petrol price rise took place at the beginning of June, however, the spot prices for premium gasoline, gas oil and fuel oil were about 5 per cent *higher* than they are now. This counterbalances the decline in the dollar/sterling rate and suggests UK petrol retailers are not doing significantly worse than when Esso raised the price of petrol to 186.4p a gallon on June 1.

BNOC had waited for the Organisation of Petroleum Exporting Countries to reaffirm its own $29 official price in Vienna last week before making its own price-setting decision.

BNOC's resolve to hold fast has run into opposition from some of its smaller customers, who do not have their own North Sea production.

They have pointed out that on the spot market Brent crude is trading around $28.25 a barrel, well under the official price.

The real beneficiaries of BNOC's decision are those companies such as Britoil and Enterprise Oil which have no marketing activities but which continue to gain by selling their crude to BNOC in dollars at well above open market prices.

Trading report delayed

BY DAVID CHURCHILL, CONSUMER AFFAIRS CORRESPONDENT

THE HOME OFFICE committee of inquiry into Sunday trading has again fallen behind schedule and is not expected to complete its report until next month at the earliest.

The committee had been expected to produce its report by this week, but delays over drafting – as well as consideration of new evidence – has delayed it.

Supporters of more liberal shop opening hours fear that the Government may have encouraged the delay because of considerable opposition to Sunday trading.

Although the committee has still to finish the final draft of the report, it is believed to have concluded that most restrictions on shop opening hours should be abolished. This would enable almost all retailers to open for trade when they wanted to during the week and on Sundays.

BASE LENDING RATES

A.B.N. Bank	12 %	■ Hill Samuel	§12 %
Allied Irish Bank	12 %	C. Hoare & Co.	†12 %
Amro Bank	12 %	Hongkong & Shanghai	12 %
Henry Ansbacher	12 %	Kingsnorth Trust Ltd.	10 %
Armco Trust Limited	12 %	Knowsley & Co. Ltd.	12½ %
Associates Cap. Corp.	10 %	Lloyds Bank	12 %
Banco de Bilbao	12 %	Mallinhall Limited	12 %
Bank Hapoalim BM	12 %	Edward Manson & Co.	13 %
BCCI	12 %	Meghraj and Sons Ltd.	12 %
Bank of Ireland	12 %	Midland Bank	12 %
Bank of Cyprus	12 %	■ Morgan Grenfell	12 %
Bank of India	12 %	National Bk. of Kuwait	12 %
Bank of Scotland	12 %	National Girobank	12 %
Banque Belge Ltd.	12 %	National Westminster	12 %
Barclays Bank	12 %	Norwich Gen. Tst.	12 %
Beneficial Trust Ltd.	13 %	People's Tst. & Sv. Ltd	10 %
Bremar Holdings Ltd.	10 %	R. Raphael & Sons	12 %
Brit. Bank of Mid. East	12 %	P. S. Refson & Co.	12 %
■ Brown Shipley	12 %	Roxburghe Guarantee	12½ %
CL Bank Nederland	12 %	Royal Trust Co. Canada	10 %
Canada Permn't Trust	12 %	■ J Henry Schroder Wagg	12 %
Cayzer Ltd.	12 %	Standard Chartered	‖12 %
Cedar Holdings	12 %	Trade Dev. Bank	12 %
■ Charterhouse Japhet	12 %	TCB	12 %
Choulartons	12½ %	Trustee Savings Bank	12 %
Citibank NA	12 %	United Bank of Kuwait	12 %
Citibank Savings	¶ 9¾ %	United Mizrahi Bank	12 %
Clydesdale Bank	12 %	Volkskas Limited	12 %
C. E. Coates & Co. Ltd.	12½ %	Westpac Banking Corp.	12 %
Comm. Bk. N. East	12 %	Whiteway Laidlaw	12½ %
Consolidated Credits	12 %	Williams & Glyn's	12 %
Co-operative Bank	*12 %	Wintrust Secs. Ltd.	12 %
The Cyprus Popular Bk.	12 %	Yorkshire Bank	12 %
Dunbar & Co. Ltd.	12 %		
Duncan Lawrie	12 %		
E. T. Trust	12½ %		
Exeter Trust Ltd.	12½ %		
First Nat. Fin. Corp.	11 %		
First Nat. Secs. Ltd.	10 %		
■ Robert Fleming & Co.	12 %		
Robert Fraser	12½ %		
Grindlay's Bank	‡12 %		
■ Guinness Mahon	12 %		
■ Hambros Bank	12 %		
Heritable & Gen. Trust	12 %		

■ Member of the Accepting Houses Committee.
* 7-day deposits 8.75%. 1-month 9.50%. Fixed rate 12 months £2,500 10.75%. £10,000, 12 months 11%.
† 7 day deposits on sums of under £10,000 8¾%. £10,000 up to £50,000 9¾%. £50,000 and over 10%.
‡ Call deposits £1,000 and over 8¾%. 8¾%.
‖ 21-day deposits over £1,000 9¾%.
§ Demand deposits 8¾%.
¶ Mortgage base rate.

Tebbit to outline investor safeguards

By Peter Riddell

MR NORMAN TEBBIT, the Trade and Industry Secretary, is likely to give only the broadest indications of the Government's view about future legislation on investor protection when he speaks in the House of Commons today.

He will open a full debate on the report on investor protection by Professor Jim Gower, ahead of the publication of a detailed White Paper (policy document) later this year and the introduction of legislation in the 1985–86 parliamentary session.

Mr Tebbit has so far stood back from the six-month long debate about the Gower report, apart from commenting in a speech just over a fortnight ago that "a system primarily of self-regulation can achieve what we want."

Today's debate is primarily seen by ministers as an opportunity to gauge the views of MPs before decisions are taken later this summer.

Richard Lambert describes radical plans for London share trading

New marketplace begins to take shape

THE LONDON Stock Exchange hopes to publish by the end of this week a bulky document setting out the broad outlines of a radically new system for trading in shares. *Much of the detail* has to be worked out but the character of the new marketplace is becoming clear.

The proposals, which received the unanimous support of the Stock Exchange Council last week, have been made necessary by increasing competition. International securities firms have been carving their way into the UK equity market. The Government has required that London's fixed scale of commission-charges on share dealing should be abolished by the end of 1986.

As a result, the cosy relationship between brokers – who may only act as agents – and jobbers – who act as principals and cannot deal with the public – has been undermined.

The plan is to replace this traditional structure with a system of broker dealers. Some firms will opt to continue strictly in the role of an agent, seeking to get the best prices for their clients from whoever happens to be making a market in the relevant securities.

In future there will be nothing to *stop all firms from acting as principals* as well as agents – provided that they make it absolutely clear to their customers in what capacity they are acting in any transaction.

A key function in the system will be undertaken by a new type of trader – the competing market *maker. Broker dealers will be able* to take on such a role in particular securities making two-way prices for buyers and sellers. Their job will be to ensure as far as possible that there is an active and liquid market in those stocks in which they are committed to make markets. The hope is that there will be quite a number of market makers competing for business in each of the more active stocks.

To ensure that they are not just fair weather traders who disappear when times get tough; these market makers will have to make some kind of commitment to undertake a continuous market in their list of securities. The extent of that commitment has yet to be decided and there is unlikely to be a uniform requirement for the thousands of different shares traded

The buzz words are that the commitment will be to deal in a marketable quantity of shares, which means one thing for ICI and quite another for some rarely traded minnow. In the latter category, it might be that the *market maker will simply* have to be willing to do business by negotiation.

Market makers will want some compensation in return for what could in some circumstances be quite an onerous commitment. The idea is that this will take two forms. *First, they will have the privileges* currently enjoyed by jobbers – notably the ability to reduce the burden of stamp duty on transactions, which stands at 1 per cent.

In addition, a new best execution rule will be introduced. Under this, a broker dealer who is not a market maker in a particular stock will only be able to trade in it as a principal if he can better the price which is being offered by a market maker in that number of shares.

This is seen as giving a big ad*vantage to the market maker, who* will thereby be able to see a continuing flow of orders and so be in a position to offer better prices than a broker dealer, who may only be making an occasional trade in that share. As a result, the market maker should get a high share of the available business, especially in small to medium-sized bargains.

If a firm of broker dealers get an order to buy a big line of shares – a so-called block trade – it will have every incentive to try to find the *potential sellers itself, without shar*ing the business with a market maker. There will be nothing to stop it doing that if the price is right.

After much discussion, the council decided against imposing an order exposure rule whereby firms *would have had to display their or*ders in the market place to ensure that their clients received the best price. It was simply unrealistic to expect one broker dealer to give a competitor the chance to take away business in this way.

Instead, customers will be protected by the best execution rule in all but the largest trades. The rule will be less relevant in the case of big block trades, which would by their nature be something of a one-off affair. The big institutions which make these big deals will have to look after themselves.

There has been keen debate about how much detail broker dealers will have to disclose about their transactions. Everything will have to be reported on a continuous basis *to the stock* exchange authorities. It has been argued that if there are only a few market makers in a particular share, their trading position would be undermined by a requirement to disclose information about their latest trades to the public.

So the suggestion is that such last *trade information will only be re*quired in certain circumstances, at least until the system has had a chance to settle down. When there are four or more market makers in a stock, they will have to publish this information. The same will apply if a broker dealing firm trans*acts agency business through its* own market-making arm, or if it matches buyers and sellers among its own clients.

One big worry is about how quickly the market will be able to adapt to the system. The big jobbing firms however, have assured the council that between them they will make a market in all listed shares after the changeover and that they will continue to do so for a period.

The market makers will display their prices in varying degrees of detail over stock exchange terminals based on the existing Topic system. *They will not be obliged to* trade on the floor of the stock exchange, but it is hoped that they will continue to for the foreseeable future. Whether the floor will retain its traditional importance over the long term is another matter.

Once the proposals have been published, the exchange's markets committee will get down to the task of drafting detailed rules for the trading system. The hope is that *these will be ready by the late sum*mer, which looks an ambitious target.

Company Notices

NOTICE TO HOLDERS OF EUROPEAN DEPOSITARY RECEIPTS (EDRs) IN

AJINOMOTO CO., INC.

Further to our notice of March 23, 1984, EDR holders are informed that Ajinomoto Co., Inc. has paid a dividend to holders of record March 31, 1984. The cash dividend payable is Yen 5 per Common Stock of Yen 50.00 per share. Pursuant to the Clause 8 of the Deposit Agreement the Depositary has converted the net amount, after deduction of Japanese withholding taxes, into United States Dollars.

EDR holders may now present Coupon No. 7 for payment to the undermentioned agents.

Payment of the dividend with a 15% withholding tax is subject to receipt by the Depositary or the Agent of a valid affidavit of residence in a country having a tax treaty or agreement with Japan giving the benefit of the reduced withholding rate. Countries currently having such arrangements are as follows:

A. R. of Egypt	F. R. of Germany	Malaysia	Singapore
Australia	Finland	The Netherlands	Spain
Belgium	France	New Zealand	Sweden
Brazil	Hungary	Norway	Switzerland
Canada	Indonesia	Poland	United Kingdom
Czechoslovakia	Ireland	Rep. of Korea	U.S. of America
Denmark	Italy	Romania	Zambia

Failing receipt of a valid affidavit Japanese withholding tax will be deducted at the rate of 20% on the gross dividend payable. The full rate of 20% will also be applied to any dividends unclaimed after October 31, 1984.

Amounts payable in respect of current dividends.

Coupon No. 7 EDR denomination	Gross Dividend	Dividend payable less 15% Japanese withholding tax	Dividend payable less 20% Japanese withholding tax
10,000 shares	$210.08	$178.57	$168.06
1,000 shares	$ 21.00	$ 17.85	$ 16.80

Depositary:
Citibank, N.A.
336 Strand, London WC2R 1HB

Agent:
Citibank (Luxembourg) S.A.
16 Avenue Marie Therese

July 16, 1984

NOTICE TO HOLDERS OF EUROPEAN DEPOSITARY RECEIPTS (EDRs) IN

THE NISSHIN OIL MILLS, LTD.

Further to our notice of March 23, 1984, EDR holders are informed that Nisshin Oil Mills has paid a dividend to holders of record March 31, 1984. The cash dividend payable is Yen 3.5 per Common Stock of Yen 50.00 per share. Pursuant to the Terms and Conditions the Depositary has converted the net amount, after deduction of Japanese withholding taxes, into United States Dollars.

EDR holders may now present Coupon No. 3 for payment to the undermentioned agents.

Payment of the dividend with a 15% withholding tax is subject to receipt by the Depositary or the Agent of a valid affidavit of residence in a country having a tax treaty or agreement with Japan giving the benefit of the reduced withholding rate. Countries currently having such arrangements are as follows:

A. R. of Egypt	F. R. of Germany	Malaysia	Singapore
Australia	Finland	The Netherlands	Spain
Belgium	France	New Zealand	Sweden
Brazil	Hungary	Norway	Switzerland
Canada	Indonesia	Poland	United Kingdom
Czechoslovakia	Ireland	Rep. of Korea	U.S. of America
Denmark	Italy	Romania	Zambia

Failing receipt of a valid affidavit Japanese withholding tax will be deducted at the rate of 20% on the gross dividend payable. The full rate of 20% will also be applied to any dividends unclaimed after October 31, 1984.

Amounts payable in respect of current dividends.

Coupon No. 3 EDR denomination	Gross Dividend	Dividend payable less 15% Japanese withholding tax	Dividend payable less 20% Japanese withholding tax
1,000 shares	$14 70	$12.50	$11.78

Depositary:
Citibank, N.A.
336 Strand, London WC2R 1HB

Agent:
Citibank (Luxembourg) S.A.
16 Avenue Marie Therese

July 16, 1984

HISPANO FUND
2, boulevard Royal, Luxembourg

NOTICE TO UNITHOLDERS

Unitholders are informed that by a resolution of an extraordinary shareholders' meeting of Societe de Gestion de Hispano Fund the name of the Management Company and the Fund *have been changed into Société de* Gestion de L'Euro Global Investment Fund and Euro Global Investment Fund respectively.

The Management regulations have been rewritten to take account of the recent evolution of Luxembourg regulations and to create a new basis for an internationally diversified investment fund.

The updated version of the explanatory memorandum, including the new management regulations may be obtained at no cost at the offices of the Management Company and of the Fund's financial agents:
—Banco Hispano Americano, Plaza Canalejas, 1, Madrid
—Banque Internationale à Luxembourg S.A., 2, boulevard Royal, Luxembourg
—Banque de L'Union Européenne, 4, rue Gaillon, Paris
—Charterhouse Japhet, Plc, 1, Paternoster Row, London.

Starting July 16, 1984 unit certificates of Hispano Fund will be exchanged at no cost to the holders into shares of Euro Global Investment Fund at a rate of 1 for 1 at the offices of:
—Banque Internationale à Luxembourg S.A.

Hispano Fund shares will be no longer validly negotiable on the Luxembourg Stock Exchange from August 16, 1984.

SOCIETE DE GESTION DE L'EURO GLOBAL
Investment Fonc
Société Anonyme

RAND SELECTION CORPORATION LIMITED
(Incorporated in the Republic of South Africa)

NOTICE TO HOLDERS OF U.S. DOLLARS 6½ PER CENT CONVERTIBLE LOAN 1986

Bondholders are notified that copies of the Annual Report of Rand Selection Corporation Limited for the twelve months ended 31 March 1984 may be obtained from the office of:—
Anglo American Corporation of South Africa Limited
40 Holborn Viaduct
London EC1P 1AJ

Registered Office:-
44 Main Street,
Johannesburg 2001.

16 July, 1984.

BRITANNIA GROUP OF UNIT TRUSTS LIMITED
BRITANNIA FAR EAST UNIT TRUST

ADJOURNED MEETING OF UNITHOLDERS HELD ON 4th JULY, 1984

At the above meeting of unitholders held to consider modernisation amendments to the Trust Deed of the Trust, the voting was as follows:

Resolution No. 1:	
FOR	94.3%
AGAINST	5.7%
Resolution No. 2:	
FOR	78.7%
AGAINST	21.3%

Both Resolutions were therefore passed by the required majority of 75% of votes cast.

The Trust Deed amendments were effective from 11th July, 1984.

Clubs

RAMON'S NIGHTCLUB RESTAURANT, 42, Dean Street, W1. Where today's businessman can relax and enjoy an exciting evening. Various cabaret acts throughout. Charming and discreet dancing partners available. Open nightly 9 pm to 3 am. 01-437 9455.

EVE has outlived the others because of a policy of fair play and value for money. Supper from 10-3.30 am. Disco and top musicians, glamorous hostesses, exciting floorshows. 189, Regent St. 01-734 0557.

Public Notice

NOTICE OF MEETING

TIME ASSURANCE SOCIETY

Registered Office: 45 Queens Road, Oldham, Greater Manchester

A SPECIAL GENERAL MEETING of the above Society will be held at the Registered Office on Tuesday, 31st July 1984 at 9.15 a.m.

AGENDA

1. To close Tables ORG, ORHW1 & ORHW5 and approve new Tables OR7, ORHW7, LCE1 & LCE2 with appropriate amendment to Rule 9(i).
2. To amend Tables RA7 & OL1.
3. *To appoint a Director of Time* Assurance Trustees Ltd.

(Signed) D. R. REES, Secretary.

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UK NEWS

Belated moves to catch up with the international fraudsters

Charles Batchelor reports on the growing difficulty of dealing with worldwide commercial crime

"INTERNATIONAL economic crime has to be the smartest game in town," Professor Richard Blum, a leading U.S. criminologist, said. "The growth of management skills teaches us that the avenue for profit, opportunities and divestment is international; and the facilities available for business are being increasingly used for crime."

Innocent businessmen who become involved with the fraudsters face financial loss and wasted time which can damage their business. For example:

● A British businessman with his own company on the European continent spent $40,000 flying a Swiss "financier" around Europe in an attempt to set up a complex deal involving oil, maintenance contracts and funding for Indonesia. The businessman concerned was to have earned a fee of $250,000.

With no sign of the deal coming to fruition, he grew suspicious and discovered many of the documents were worthless. He says the costs he ran up are endangering his business and threats have been made against his life by associates of the Swiss man.

● A project management company in southern England attempting to raise finance for a construction project in Indonesia was offered funds by a West German businessman. The West German, who claimed to have access to offshore trust funds running into the "trillions of dollars" and to be a closer personal friend of members of the Saudi Arabian royal family, wanted a 0.1 per cent advance fee on the sum to be raised.

The project management company became suspicious when the West German refused to reveal details about the source of the funds and dropped his initial demand for bank guarantees to support the loan. He apparently feared too close scrutiny of the scheme by bankers.

"We are talking about fraud on a scale which can undermine governments," Dr Barry Rider, head of the Commonwealth Commercial Crime Unit, said. "The sums that are being earned can buy up countries or at least a lot of protection in the judicial system."

Belatedly, the authorities are becoming aware of the threat. Mr Nigel Lawson, UK Chancellor of the Exchequer, has announced that a special Fraud Investigation Group *(FIG) is to be set up to co-ordinate* the work of the British Department of Trade, the Director of Public Prosecutions office and the police.

Hong Kong and Australia recently introduced legislation aimed at making life more difficult for the fraudster.

Whether the 25-30 extra lawyers and accountants to be recruited by FIG will do much to stem the growth of fraud and other commercial crimes which cross national boundaries is another matter. Differing legal systems; restrictions on police officers collecting evidence in a foreign country; and the growing *sophistication of the criminals* mean that little can be done to bring the international fraudster to justice.

This was the message of a three-day symposium held in Cambridge, England, this month, at which Prof Blum and Dr Rider were speaking and which was attended by policemen, lawyers and government officials from the Commonwealth, the U.S. and Europe.

The symposium was organised by Commonwealth Crime Unit, the *International Maritime Bureau,* which combats shipping and insurance fraud, and the Centre for Commercial Law Studies of Queen Mary College, University of London.

The Commonwealth Crime Unit and the Maritime Bureau were set up independently of each other in 1981 to fight the growing problem of commercial crime. Neither has any law enforcement powers but both provide a clearing house for information on the activities of international fraudsters.

Agencies such as these, as well as large companies, have built up large dossiers on commercial crime. But private investigators believe that while they frequently co-operate with each other and the police, through Interpol the police could make much greater use of their information.

The police are reluctant to send documentary evidence abroad – even to some other police forces – in case it is stolen, mislaid or even, in some countries, passed on to the criminal by a corrupt official.

Law enforcement agencies are unwilling to start expensive and time-consuming investigations when there is little chance of persuading the accused, witnesses or *even the victim to attend the trial.* A great deal of serious commercial crime slips through the gaps between national legal systems and law enforcement agencies.

Police officers investigating the sinking of an oil tanker, the Salem, off the coast of Senegal in 1980, travelled to Liberia only to be given just four minutes to interview an important witness. British police officers frequently find witnesses may only be interrogated by local police who have no knowledge of the case.

The legal authorities in foreign countries are often unwilling to co-*operate if no crime has been com*mitted under local law, even if serious offences are believed to have taken place elsewhere.

Since much legitimate business is carried out by letter, telex and telephone, economic crime can also be committed from a distance. Local lawyers and accountants can be used, wittingly or unwittingly, by criminals many thousands of miles away.

The confidentiality which surrounds banking and tax matters in most countries means that investigators are denied access to potentially incriminating records, even *when offences are suspected.*

The growth of international commercial crime has been made easier by the proliferation of "shell" banks based in tax havens around the world. These banks may have been set up by the criminals themselves or may simply turn a blind eye to illegal transactions.

The U.S. Treasury has been campaigning in recent years to persuade offshore centres to regulate the banks based in their jurisdictions – with mixed success. A number of centres in the Caribbean have tightened controls but havens are springing up in the South Pacific.

Investigators do not put all the blame on the tax havens alone. They are critical of banks in the major trading nations for not questioning more thoroughly some of the business they do with offshore banks. Even if the shell banks were more tightly regulated, this does not prevent fraudsters creating phantom banks which exist solely on an impressive letterhead.

Popular forms of commercial crime under investigation include:

● Advance fee fraud. Governments in the developing world and companies in the West are offered large loans in return for an advance fee. Once the fee has been paid, the fraudster disappears and no loan materialises.

● Laundering criminal funds. Criminals often need to legitimise embarrassingly large sums obtained from drugs rackets, arms trading or fraud. This money may be lent to governments – giving the criminals influence with the borrower.

● Counterfeiting currencies or negotiable bonds. Fraudsters arrange an extra print run of legitimate securities for their own benefit. Sometimes elementary precautions are not taken. When Spain printed new banknotes a few years ago, it proudly announced details of the security features it had incorporated.

● Maritime fraud. Of the 48 ships which had sunk in the South China Sea over a two-year period, 28 went down in suspicious circumstances, an insurance investigation found.

Owners have been suspected of scuttling vessels to hide the theft of the cargo or to claim the insurance on ageing tubs valued, for insurance purposes, at much more than their market worth.

● Cargo diversion. Cargo vessels have been diverted by their owners to small Greek ports where the cargo is either auctioned before the customer is even aware of the diversion, or he is persuaded to pay an additional fee to avoid time-consuming litigation in the local courts.

● Forged bills of lading. Blank bills of lading – which are taken as proof that goods have been loaded on a vessel and release funds from the buyers' bank account – can be bought for a few pence. Entries are frequently forged.

● Product counterfeiting. A Bulgarian tobacco factory which had been producing cigarettes under licence for two U.S. companies resumed production shortly after the licence agreement was ended. Cigarettes in similar packs to the originals were shipped via West Germany to Italy.

"We have been looking for organised crime in the wrong places," said Dr Rider. "Today the criminal is likely to be in a financial rather than a street setting. He adopts corporate structures, controlling the money but never getting near the drugs or the frauds. Sooner or later we will have to pay more regard to attacking the pocket-book of international crime."

NOTICE TO THE HOLDERS OF
AUTOPISTAS DE CATALUNA Y ARAGON
CONCESIONARIA ESPANOLA, S.A.
Kuwaiti Dinars 6,000,000
11 per cent Guaranteed Notes due 1985

As a result of the merger between Ausopistas De Catalima Y Aragon, Concesionaria Espanola, S.A. (ACASA) and Autopistas, Concesionaria Espanola, S.A. (ACESA) on June 14, 1984, the name of the issuer has been changed from Autopistas De Cataluna Y Aragon, Concesionaria Espanola, S.A. (ACASA) to Autopistas, Concesionaria Espanola, S.A. (ACESA) as per resolution adopted in the general shareholders meeting held on April 11, 1984.

The Notes will neither be stamped nor be exchanged for new Notes.

The Notes will remain listed on the Luxembourg Stock Exchange under the previous name Autopistas De Cataluna Y Aragon, Concesionaria Espanola, S.A. followed by the new name Autopistas, Concesionaria Espanola, S.A.

All coupons will be paid at their maturity.

The Notes (principal) will be paid to the Noteholders at their maturity (15.4.1985).

The guarantee of the Spanish State remains unchanged.

Any subsequent notice to holders of the Notes will bear the previous as well as the present corporate names. A complementary legal notice as well as the new Articles of Association have been lodged in Luxembourg at the Greffe Du Tribunal D'Arrondissement de et a Luxembourg.

A documentation describing the merger will be available at the office of the paying agents.

Kuwait International Investment Co. S.A.K.
As Fiscal Agent

JAPAN SURVEY

The Japanese survey, due to appear in today's paper, will now be published on Monday July 23

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THE ARTS

Smetana Quartet/Wigmore Hall

Dominic Gill

The Smetana were founded, according to the information in our programme for their recital last Saturday, either in 1943, 1945 or 1951. In fact 1945 is the meaningful date, although only two members from that original formation survive; and they remain, together with the Janacek, Vlach and Prague, one of the most distinguished Czech quartets of the post-war generation.

Distinguished, but not reliably great. From their records as well as their recitals, I have always found the Smetana an odd, uneven ensemble, as prone to unexpectedly dull, uninflected playing as to magnificent bursts of inspiration; and hearing them again in the flesh, after a long interval, confirmed that view. Much of their repertoire they play from memory, without the music, and in those works the ensemble is impeccably smooth. On this occasion it was only Dvorak's op.96 "American" quartet which benefited, but their exposition was one of marvellous ease and freedom — a perfectly balanced and dedicated performance which threw the music's exquisite uninventiveness into vivid relief.

For the great music of their programme their manner seemed at once less confident and less engaged. They threw off Beethoven's op.130 (with the *Grosse Fugue* as its finale) with a kind of casual, almost indifferent, mastery that robbed the work of much of its presence and mystery—and where it mattered most, with a surprising quantity of scrubbing and thin, colourless tone. Intonation, especially the first violin's, could be less than perfect; the very texture of the ensemble had nothing like the richness or variety of the greatest quartets. Throughout, notably in the little presto and in the great fugue, there was a curious lack of tension and cohesive dramatic force. Significantly, their account of the Cavatina (which made even the composer weep as he wrote) left more of its audience dry-eyed than any I can remember.

Jenö Jandó/Wigmore Hall

Dominic Gill

The young Hungarian pianist Jenö Jandó has a strong technique, and fine instinctive sense of lyrical shaping. Nothing he played at his London debut recital on Friday night was less than adequate and much was a great deal more than that; but there was nothing either which decisively took wing, no moment at which the playing caught fire.

There are few pieces more instantly revealing of a pianist's character and quality—Mozart's K333 *is another*—than Haydn's last sonata (no 52 in E flat). Mr Jandó's account was good, but not grippingly good: a commendable representation, somehow at one remove, rather than a performance which really caught the drama and excitement of the music. There were good things too in his Beethoven op.110—notably the arioso, and its ghostly, fragmented reappearance, eloquently sustained. But the virtues were inconclusive; rhythmic colours throughout were dull; the sonority, not shy, was nonetheless bland, too easily predictable.

His lyrical gifts carried him further in Schubert's B flat sonata D960—though here again was one more peak of the keyboard repertory (three less exalted works might have been a wiser choice) whose challenge he just, but crucially, failed to meet. As an exposition plain and simple of Schubert's greatest piano sonata, the performance was saatisfying in its way; but as an original, perceptive re-creation it made no kind of memorable mark.

A Friend Indeed/Shaftesbury

B. A. Young

Now God stand up for bastards, as Edmund said in *King Lear*, for the romantic young pair in William Douglas-Home's comedy both come from the wrong side of the blanket. Bobby, the boy that Sheila falls in love with at the Blue Grotto, is the son of Rosie Butterfield, with whom Sheila's father, Sir Lionel Hibury, Permanent Head of the Foreign Office, once had a passing affaire. He is in fact Sir Lionel's son, which spoils their prospects of getting engaged.

However, I'm not giving too much away if I add that Sheila isn't really Sir Lionel's daughter, but the daughter of Sir John Holt, our man at the Vatican, who consoled Lady Hibury while Sir Lionel was *en poste* at Washington. So that, you might think, makes everything all right, but in fact it takes you less than halfway through Mr Douglas-Home's plot, for his major concern is how these two little infidelities are to be confessed.

He employs a familiar gamut of tricks to delay the revelation, including a drunk scene for Lady Hibury and Mrs Butterfield, who, being Colette Gleeson and Moira Lister, carry it off acceptably. His major trick is to have Sir John put Sheila's fatherhood falsely on to the Ambassador in Moscow, and carry on a talk with Sir Lionel on the extension phone not only in the person of that Ambassador but in that of various operators and the telephone line itself — a rather easy vaudeville act, I should have said, rather than even the lightest of comedy, though Geoffrey Palmer does it well.

Only at the last minute does a sub-plot appear, when Sir John, overcome by Strega and the various demonstrations of love around him, decides to propose to Mrs Butterfield. As his lack of a wife is the only handicap that keeps him from being appointed by Sir Lionel to an Embassy, all ends happily.

This is certainly one of the author's minor works, though, I must say. With its thinly-spread little plot and its dependence on simple jokes, it hath not wit enough to keep it sweet, as Dr Johnson once said. Moira Lister and Colette Gleeson play stock characters, Miss Lister *prima inter pares* because there is more in her part. Mark Colleano and Julie Dawn Cole are a pretty pair of youngsters who are asked little. Derek Nimmo as Sir Lionel is good at dignified embarassment; Geoffrey Palmer as Sir John is good at telephone imitations; they both look smashing in their diplomatic uniforms. The set, a Roman flat in 1963, is designed by Terry Parsons, and the director is Jan Butlin.

BBCSO guest conductors named

David Atherton and Peter Eotyos will become principal guest conductors with the BBC Symphony Orchestra for a three-year term from October 1 1985.

Sir John Pritchard's contract as chief conductor continues until the autumn of 1987 and Gunter Wand continues his association with the orchestra as chief guest conductor.

Mark Elder—chief guest conductor—will not renew his formal association with the orchestra after September 1985 because of other commitments.

Architecture

Colin Amery

A grand entrance

No-one would dispute that the British Museum is one of the finest neo-classical public buildings in the country. It is equally true that its collections make it one of the finest museums in the world. There should be no conflict between the architecture of Robert Smirke (constructed from 1823 to 1854) and *the display of a great national* collection—after all it was conceived as a grand temple of the arts, a monument to house monuments.

Sir David Wilson, the present director of the British Museum, has said and written some worrying things about his plans for the museum that deserve public examination.

His views and those of the trustees have been brought into the light of day by an interesting controversy over the planned redecoration of the entrance hall. The plan is to paint the glorious hall in a neutral grey/stone colour and impose upon the space a rather deadening uniformity. It is known exactly what the entrance hall looked like when it opened in April 1847 from a watercolour by Leonard Collmann which has recently been widely circulated and published. Both the Georgian Group and the Victorian Society have made strong representations to the museum suggesting that the only proper way to treat the entrance hall is to begin the process of accurate restoration to the original polychromatic scheme.

If this were done visitors *would have the pleasure of walking* through the colossal portico into a room enriched with what Smirke would have considered to be authentic Greek colouring. Colour is shown to have been widely used in the watercolour to embellish the details of the architecture. There was maroon and Sienna marbling and the coffers of the roof were painted rich blue with gold stars.

Entrance hall of the British Museum: will it be *properly restored or just covered in emulsion paint?*

The evidence is clear and strong that the neo-classical treatment of the hall included colour and gold leaf and suggested to the visitor the richness of antique classical architecture.

Why won't the British Museum take a deep breath and decide to do the right thing and begin the process of restoring the building? The museum told me last week that the main reason the trustees are unlikely to do the proper thing and restore the entrance hall is financial restrictions.

The conservation societies have done some research and asked two well-known firms to prepare estimates for the polychromatic scheme to be reinstated. These estimates suggest that to paint the hall in oil-based colour embellished with gold leaf would cost twice as much as the planned emulsion treatment. However, it would certainly last at least four times as long and be well worth the extra time and trouble it would undoubtedly take. The museum also told me that a polychromatic background would make it more difficult for the public to read any signs. This is a ludicrous thought—it is possible to read a well-designed notice against any background.

Sir David has said publicly that "Smirke's great masterpiece must be respected and it is difficult at times to reconcile the architecture with the antiquities." Here is his chance to do just that because a proper restoration of this original scheme will make it crystal clear to anyone that a rich classical colour scheme is the right introduction to an understanding of the building and the collection.

The Georgian Group has wisely sent the details of the original colour scheme and the possible costs to Lord Gowrie, the Government Minister whose department finances the museum. He has written that it would not be right for him to intervene in the trustee's deliberations but he added that he had "much sympathy" with the group's point of view. If the Minister, some of the trustees and those concerned for the future of our architectural heritage agree that this is the time to begin the restoration of the entrance hall how foolish it would be to waste money on an expensive undercoat.

Camden Council and the Greater London Council Historic Buildings Division have pointed out to the museum that Listed Building Consent is needed for an alteration of this nature to a Grade I *Listed* Building. Both bodies favour a reinstatement of the original decoration.

I am sure that the director can point out that he is more concerned with the expediency of the every-day running of the museum but he cannot avoid his duty to the remarkable building itself. It would be right to think again and begin a respectful restoration of this glorious room. The result would be one of the most beautiful museums in the world.

Figaro/Glyndebourne

Max Loppert

In line with the practice of recent seasons, Friday's *Nozze di Figaro* assembled a fresh team of major principals and conductor for the festival's second half. Even in the not quite settled form displayed on this occasion (lighting was unusually spotty), the Peter Hall production remains one of the house's most distinguished creations; Gustav Kuhn's conducting of the LPO, efficient but seldom memorable, and the sum of the casting (which included an uncomfortable first *Glyndebourne Cherubino* by the normally impressive Carolyn Watkinson) might not have equalled past achievements within its framework, yet the experience was never a waste of time even so. And for *Figaro*-followers the subordinate pleasure of noting a handful of fine individual contributions, happily, not denied.

At present the liveliest of these are Susanna and the Count—and so the performance, a little reduced perhaps in other sources of energy, sparks with sexual tension set up between the two. Faith Esham, Cherubino of the first cast, shows us a bonny, *spirited*, believably impulsive maidservant, quick and strong of reaction—the drawing of the confusion of "si" and "no" (in the duet with the Count) out of Susanna's physical distaste for his touch is beautifully done — and genuinely warm of heart; the focus of the voice is not quite even in all registers, but there were phrases of delicate fashioning in "Deh, vieni." William Shimell, an ENO baritone making a notable Glyndebourne debut, could afford to invest some lyrical ease towards the completion of his alarmingly irascible Count — the tight-muscled character and attack of his singing, bold and useful qualities for any Mozart singer, ran the slight risk of eventual monotony.

Gabriele Fontana, the young Austrian winner (under a different surname) of the 1980 Tauber prize, carries all the high promise of a young Elisabeth Grümmer — handsome, naturally sympathetic presence, ample, radiant soprano. This was her first Countess—and it was only in the third act (in which she gave a long-breathed, sensitively-phrased account of perhaps the most difficult of all Mozart soprano arias) that the promise began to be realised. Figaro, as in 1981, is Alberto Rinaldi, sturdy, relaxed, and witty, admirably well sung (native Italian is always an asset in this opera), lacking only the ability to give the screw of bitterness a final twist in the last act.

I feel confident that the slightly heterogeneous quality of the ensemble will soon disappear; and I can't resist echoing David Murray's praise for Artur Korn (Bartolo), Ugo Benelli (Basilio), and Mimi Lerner, whose Marcellina proved one of the two most complete and most delightful (Heather Begg the other) of my own *Figaro experience*.

Ballet/Covent Garden

Clement Crisp

It was 25 years ago that the Royal Ballet School gave its first Opera House performance, with the very young Antoinette Sibley and Graham Usher from the Royal Ballet leading the students in *Coppélia*. A quarter-century on we have Karen Paisey and Antony Dowson from the company at the head of an apprentice cast in *The Sleeping Beauty*, a choice—so it seemed on Friday night—more suited as a tribute to Dame Ninette de Valois, onlie begetter of school and staging, than as an assess- of the forces available.

Of course, Beauty lies at the heart of what our national ballet and its school (and its public) understand about classic dancing and it is proper that we see the young finding theilr way along these hallowed tracks, from prologue courtiers to starring roles. The present ensemble takes the stage well, and they have been well prepared by their teachers, but *Beauty* is the summit of 19th century classicism, its variations as difficult and as "exposed" in their difficult as anything in the literature of dance, and not best served by dewy innocence and even dewier technique.

That the score is a no less demanding masterpiece seems to have esceped the notice of he Sadler's Wells Royal Ballet orchestra, who played—despite Barry Wordsworth's generous tempi—with wooden determination and little subtlety and were involved in a cacophony during the *Florestan* trio owed, I would surmise, to mis-placed orchestral parts. It was a ludicrous incident.

The staging involved students from the Upper School as well as younger elements from White Lodge. Children have traditionally featured in this ballet (the pupil Karsavina was a Lilac Fairy attendant at the Mariinsky) and the present Kirov version and Balanchine's miraculous garland dance in New York make fine use of the young. The Royal Ballet's juniors trip around the edges of the Ashton garland dance but are hardly integrated into its choreography, though they acquitted themselves well as the Vision scene's peasantry.

An innovation to be deplored is the appearance of Carabosse, busily miming rage and despair as Aurora is aroused from her sleep; the Awakening has ever been a hustled moment in this production, and the scene is in no wise enhanced by Carabosse's mopings, which are neither implicit in the score (which is the surest guide to the stage action) nor explicit in the scenario.

The presence of Miss Paisey and Mr Dowson, with four cavaliers from the company for the Rose Adagio, gave a central assurance to the staging. Miss Paisey, with her neat and exact style and sweet technique, made a very English Aurora at this début performance, the dance well contained within the context of the Royal Ballet style, and with the promise of a charming interpretation to come. Mr Dowson, an artist who has made great advances in the clarity and expansiveness of his dancing in recent seasons, looked a very democratic prince; he will find with experience a more regal allure and generosity of gesture to flesh out a shadowy role.

Among the aspirant dancers, three *seemed to me especially* noteworthy. Laura Hussey, impressive in last year's *Paquita*, brought a brave jump and easy strength to the Florestan trio; Miyako Yoshida, as a prologue fairy and in the Blue Bird duet, provided dancing of lovely gravity and control, mature in its assurance and marked by real musical finesse. Quite outstanding was Errol Pickford as the Blue Bird. In this taxing variation young Mr Pickford (a product of the Hammond School as well as of the RBS—credit where credit is due) exhibited the dazzling beats, the stamina and beautifully *curved temps de poisson* leaps that argue a virtuoso dancer, as well as an ideal Blue Bird, in the making. Here is a real talent.

The RBS students from both schools are to be seen for a week's season at Sadler's Wells from July 23, in a varied programme which will bring new ballets by Ashley Page and Wayne Eagling as well as traditional and classic dances.

Square Dance/Coliseum

Clement Crisp

If the four new works which entered the Dance Theatre of Harlem repertory last week do anything — and I do not find they do much—they at least encourage the liveliest and most wholehearted performances from their casts. The pattern of the programmes also suggests the willingness of the dancers to tackle every challenge, and in this they largely succeed· from an opening 'classical' number, by way of a slice of prime dramatic ham to an ethnic closing number.

On Wednesday Michael Smuin's *Songs of Mahler* was yet another Mahler ballet. The use of this composer for dance, initiated by Antony Tudor with *Dark Elegies* and given further impetus by MacMillan's *Song of the Earth*, has latterly become a choreographic plague, bringing a dire outbreak of works featuring young men summoned by trumpet calls to leave their loved ones amid a clutter of folk-steps, merry girls, and premonitions of death. Mr Smuin's is no different and no less long-winded than the rest.

The dramatic machinery of Valerie Bettis' *A Streetcar Named Desire* looks even more quaint than in the play that inspired it, and a good deal more vulgar in manner. It has a blatant score by Alex North and moveable scenery whose girations are quite as interesting as the choreography for the dancers. Its merits lie in the bold performances of Lowell Smith as a ragingly angry and brutish Stanley, with Virginia Johnson a beautiful, suffering Blanche, and Keith Saunders giving a finely judged portrait of Mitch.

The supporting characters dash over the improbabilities of the action, as they do over the Haitian burial rituals of *Banda*, an exercise in local colour by Geoffrey Holder which treats of the cult figure of Baron Samedi, a voodoo deity. Donald Williams is splendid as the Baron, catching a certain gallows humour as well as the hysteria implicit in the pelvic thrust and strut of this menacing apparition.

Square Dance, which began last night's bill, is Balanchine's glorious confrontation of classic style and country-dance forms. DTH is, I feel, most unwise to include the witless babble of a caller, now abandoned by New York City Ballet·

The Third and Final Round/Half Moon

Michael Coveney

The boxing plays of Brecht and Odets may be better organised dramas than Johnnie Quarrell's lively shindig in the Mile End Road, but they cannot touch the new piece for rough house authenticity or overall atmosphere. The former Methodist hall has been converted into a boxing and social club, designed by Mark Salkild, with a ring containing two convincing three-round bouts played to ABA rules and a bar which is practical for both cast and audience.

Bunting hangs around the newly painted white and red walls, pictures of royalty jostle alongside photographs from the gym and fight posters. The very special place of boxing in the social fabric of the East End is raucously honoured, and Danny Hiller's production has received advice from both former world flyweight champion Charlie Magri, who was in the audience, and the young lightweight Jimmy Flint, who is in the cast.

The audience is involved, *rather more pleasantly than in Trafford Tanzi*, in the spectacle of an unrehearsed bout in the first half where the outcome cannot damage the plot, the sale of raffle tickets in the interval—proceeds towards a London Hospital scanner, a local hospice and a Half Moon new building fund—the raffle itself and the general aroma of fight night. At the ringside, an appallingly vile and melodramatic marital tiff is played out by the parents of a young contender: Eddie is on trial for alleged fraud, while Sandra is brutally assaulted in the alley outside and returns, somewhat incredibly, to leave Eddie for good.

The chairman of the club is *angling to become a JP and* just happens to be a juror at Eddie's ongoing trial. The tensions between the parties both inside and outside the ring are overseen by John Bardon as the wise-cracking referee. It is as if Harry Gibbs of Seven Kings had suddenly been touched with the spirit of Max Miller (whom, of course, Mr Bardon has famously resurrected). Mr Quarrell's lines do not always match the vintage of the best throwaway, though "I only have eyes for you but I've got something else for your sister" is not bad.

Gary Whelan performs vicious wonders as Eddie with the play's more cumbersome outpourings, and there are delightful performances from Alan Cody as a rubber-limbed spiv, Sean Baker as the watchful barman and Duncan Faber as a little hack on the local rag. A few progressive arguments on the state of Life in the East End are expressed with more fervour than lucidity. But the ferocity of the punching and the bickering is frighteningly real.

Arts Guide

Music/Monday. Opera and Ballet/Tuesday. Theatre/Wednesday. Exhibitions/Thursday. A selective guide to all the Arts appears each Friday.

Music

July 13–19

PARIS

Harvard Radcliffe Orchestra, conducted by James Yannatos: Gershwin, Ginastera, Debussy. (Mon 8.30pm). The Assas Law Faculty, 92 Rue d'Assas.

Jean-Paul Sevilla, piano variations: Beethoven, Brahms, Schumann. (Tue 6.30pm). Townhall of the 5th Arrondissement, 21 Place Pantheon.

Crawford Young, lute, Dominique Vellard, tenor, Randy Cook, hurdy-gurdy: The Lute in Medieval Times (Wed 8.30pm). Musée Carnavalet, 23 Rue Sevigne.

Ensemble Intercontemporain, conducted by Michael Schonwandt and Philippe Manoury: Claude Ballif's 5th Imaginary. (Wed 8.30pm). St Merri Church, 78 Rue St Martin. Free entry.

Ensemble Intercontemporain, conducted by Michael Schonwandt: C. Ballif, Webern, Schönberg. (Thur 8.30pm). St Merri Church.

ITALY

Spoleto: Teatro Caio Melisso: Midday concert every day (on Sunday also at 10am).

Rome: *In the Piazza del Campidoglio:* Music by Gershwin including An American in Paris and selections from Porgy and Bess with the soprano Alpha Brawner-Floyd and bariton Benjamin Matthews, Friday 9.30 pm; Wednesday, Handel, Rossini and Mozart played by the S. Cecilia Chamber Orchestra and on Thursday, music by Liszt and Berlioz. (Tickets at the Campidoglio from 7.30 on same evening or in Via della Conciliazione 4. 6541044 (9.00am to 2.00pm).

VIENNA

Collegium Cantorum led by Otto Partmann with Gabriele Hafner, soprano; Birgit Greiner, contralto; Frederick Green, tenor and Rudolf Kostas, bass, Rossini's Petite Messe Solenelle. Minoritenkirche, Monday.

Rheinland-Pfalz State Philharmonic Orchestra conducted by Gunther Wich with soloist Anne Leek, oboe. Richard Strauss' oboe concerto and Beethoven's 7th Symphony, Tuesday. Rheinland-Pfalz State Philharmonic Orchestra conducted by Kurt Woss performs Bruckner's 5th Symphony, Thursday. Both at City Hall Arcade Court. (42800/2085 2095).

LONDON

JVC/Capital Radio Jazz Parade: A week of jazz on the South Bank starts on Monday at the Royal Festival Hall with B. B. King Blues Band, and continues all week with Miles Davis on Tuesday, Dave Brubeck and Tania Maria on Wednesday, and the Lional Hampton Orchestra Gala Night on Thursday. (9283191).

Sanskritik: 14th Festival of Arts of India, directed by Birendra Shankar. A series of five programmes of songs, music, dance and drums in classical and traditional styles with artists from different parts of India. Starts on Tuesday in the Queen Elizabeth Hall and continues all week (9283191).

Myriam Tele, piano: Mozart, Beethoven, Berg, Chopin, Debussy. Purcell Room (Mon). (9283191).

London Symphony Orchestra, conductor Neville Marriner, Cecile Ousset, piano: Respighi, Mendelssohn, Delius, Strauss. Barbican Hall (Tue). (6388891).

London Concert Orchestra, conductor *Jonathan Del Mar*, Anthony Goldstone, piano: Rossini, Handel, Grieg, Borodin, Tchaikovsky, Ravel. Barbican Hall (Wed). (6388891).

NEW YORK

New York Choral Society (Cami Hall): Ray Robinson conducts the Westminster Choir College in a programme of Vivaldi and Bach (Tue) and Clara Longstreth conducts the New Amsterdam Singers in a programme of Handel and Haydn (Thur). 57th & 7th Av (8730096).

CHICAGO

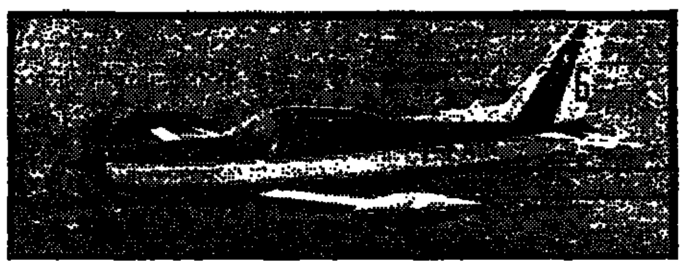
Ravinia Festival: Dimitris Sgouros piano recital, Scarlatti, Chopin, Liszt, Brahms, Balakirev (Mon); Ray Charles (Tue); Preservation Hall Jazz Band (Wed); Chicago Symphony. Maxim Shostakovich conducting, Bella Davidovich piano. Rachmaninov, Shostakovich (Thur). Highland Park (7384642).

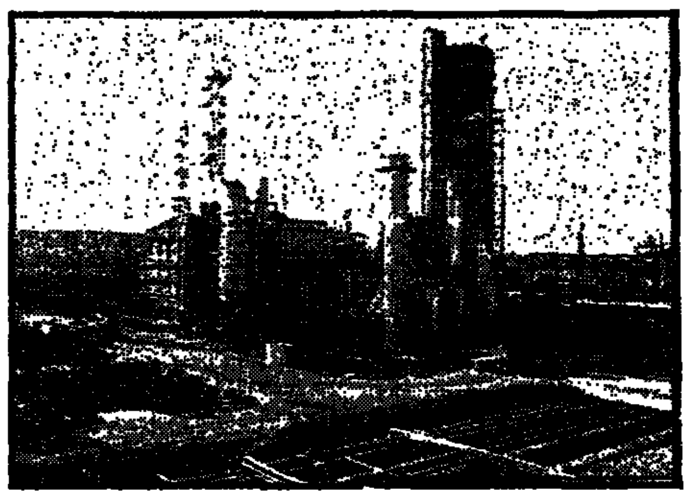
FINANCIAL TIMES SURVEY

Monday July 16 1984

Italian Engineering

Italy is back in fashion among foreign businessmen. Future co-operation deals and investment will depend in large part on the government's ability to continue its programme of industrial reform





Suddenly, a return to popularity

FOREIGN businessmen are suddenly, and apparently with great pleasure, rediscovering Italian industry. In the past few months there has been a stream of agreements under which foreign companies have bought into or signed major co-operation agreements with Italian companies, both large and small.

By JAMES BUXTON
Rome Correspondent

The obvious example is the spectacular agreement under which AT&T, the U.S. telecommunications giant, took a quarter of Olivetti, the Italian data processing equipment maker. But there have been several examples on a slightly smaller scale, ranging from the recent deal under which Chrysler bought a tiny but significant stake in Maserati, the luxury car maker, and Plessey of the UK bought into Elettronica, one of Europe's leading makers of electronic warfare equipment.

Then there is the probably imminent deal under which Electrolux, the Swedish industrial giant, should take effective control of Zanussi, the white goods maker. If this sale reflects badly on several aspects of Italian industrial and financial management, it at least shows that foreign companies are prepared once again to involve themselves in Italy.

Until quite recently that was not the case. New foreign investment in Italy dropped sharply towards the end of the 1970s, as foreign boardrooms reeled at tales of terrorism in the factories, obstructive trade unions, highly inflexible labour legislation and the proverbially wily Italian business partner (one factor that may not have changed).

It is hard to generalise about the reasons for the individual deals, though it is noticeable that despite widespread criticism of Italy being backward *in developing new technology*, several of the agreements — such as those with Elettronica or Maserati — have been aimed at acquiring Italian products and technology.

Between them they show a confidence in Italy which would have been hard to credit two or three years ago. With virtually no help and a fair amount of hindrance from ever-changing governments, much of Italian private industry has succeeded in restructuring itself in the past few years.

The oft-quoted case of Fiat, whose car subsidiary at last made a tiny profit last year is still an example that cannot be omitted: Fiat's action in standing up to the unions in 1980, and thereby enabling itself to start a major slimming and rationalisation programme, changed overnight the climate in which large private businesses operate in Italy.

Rigorous

Other major companies, such as Pirelli, followed Fiat's example, while Olivetti, under the fast-footed leadership of Sig Carlo de Beneditti, had already begun to improve, and to insist that there was nothing wrong with becoming profitable. But the well-publicised changes that have been carried out in these companies distract attention from the fact that many smaller private concerns have discreetly reduced their labour force and imposed far more rigorous methods of industrial and financial management.

They have also invested as much as their finances would allow in computer controlled machine tools, robots and flexible manufacturing systems.

The highly restrictive labour legislation, which keeps labour costs among the highest in Europe and greatly limits mobility, both within the company and between one company and another, are still largely intact. Yet managers succeed in living with it and have taken a little comfort from the fact that two assaults have lately been made on the scala mobile, the wage indexation system which reinforces inflation.

These and other points to the favour of Italian private sector industry are coming to the fore as the Italian economy at last emerges, rather falteringly, from recession. Industrial production this year has been above that of 1983 for two of the four months that the statistics go up to; steel production was up 17 per cent in the first five months. Yet while sales of cars show an improvement on 1983, sales of vans and lorries are still down. It is never easy to read the Italian economy, but it must be a little uncertain whether growth of 3 per cent that is officially forecast will be met.

If it is not (the OECD recently projected 2 per cent, and reserved judgment on 1985), it will be because of the other side of the economy—the immensely inefficient state sector and the public sector deficit which is one of the key causes of inflation and hence of restrictive monetary policies.

The best that can be said of the state industrial sector, which could not have been said three or four years ago, is that a gruelling battle is being fought on a fairly wide front for the cause of efficiency and economic reason, against the supporters of the politically expedient and of the blind preservation of the status quo.

The three state holding companies, IRI, ENI and EFIM contain many sound companies and a few outstanding ones. ENI is sensibly going ahead with privatising part of its excellent drilling and pipe-laying subsidiary Saipem. IRI numbers among its components sophisticated and well run companies such as ELSAG, which makes electronic systems, and SGS, one of Europe's leading microchip makers.

Yet the fact is that the three companies between them lost rather more than L5,000bn ($3bn) last year—another in a dismal series of records. These losses were largely due to the refusal of past governments to face up to the need to rationalise steel, shipbuilding, chemicals, mining and aluminium, and to be insufficiently tough with continued loss-makers like Alfa Romeo.

IRI has, for the past year and a half, had in Professor Romano Prodi, a chairman who is in no doubt at all about the need to cut out dead wood if the company is to have any future. He has boldly tackled the problem of closing steel plants, has been ruthless with bad or corrupt management in some of IRI's and has strengthened the management team.

It should also be said that a plan to cut 23,500 jobs in the steel industry and close 3.8m tonnes capacity of plant is gradually—and with a probably sensible absence of publicity—moving towards implementation. If it goes through without mishap the picture for IRI will suddenly look a lot better. But so often when it comes to the moment of truth, the politicians tend to hold back.

That appears to be the case with the future of Italy's telecommunications system, where the Government of Sig Bettino Craxi seems for the moment to have shirked bringing order to the bizarre organisation of Italy's telecommunications utilities—and is thereby holding back the advance of Stet, the telecommunications equipment producer and operator which is part of IRI.

Recognition

Nevertheless the Stet group has, with government backing, pushed ahead with negotiating a series of alliances with other major companies in recognition of the fact that it cannot provide finance and the necessary degree of advanced technology in all the sectors in which it operates without outside help. It is said to be close to reaching agreements with IBM and Fiat, and is talking to Olivetti and other companies.

ENI, whose operations are in energy, chemicals, engineering and mining, is now under better financial management, is grappling with its vast legacy of petro-chemical plants and is planning to raise $1bn by selling stakes to the public in its more promising activities, mainly in engineering.

EFIM, the third and much smaller holding company, recently came under new management under Sig Stefano Sandri. This may mean the weeding out of some lax practices but until the Government steels itself to make closures in the aluminium industry, the main cause of its losses, EFIM's future is uncertain.

The changes that are, or seem to be, occurring in the state industrial sector show that some *politicians at least are now* taking Italian industry seriously. Yet so much time has been lost.

The drain of resources has meant that the Government has rarely had the funds, let alone the machinery, to direct investment in the private sector as it would like. Too often the Ministry of Industry's interventions have been aimed at propping up failing companies in the interests of preserving jobs, while its funds for technological development have been disbursed so late that their effectiveness is devalued.

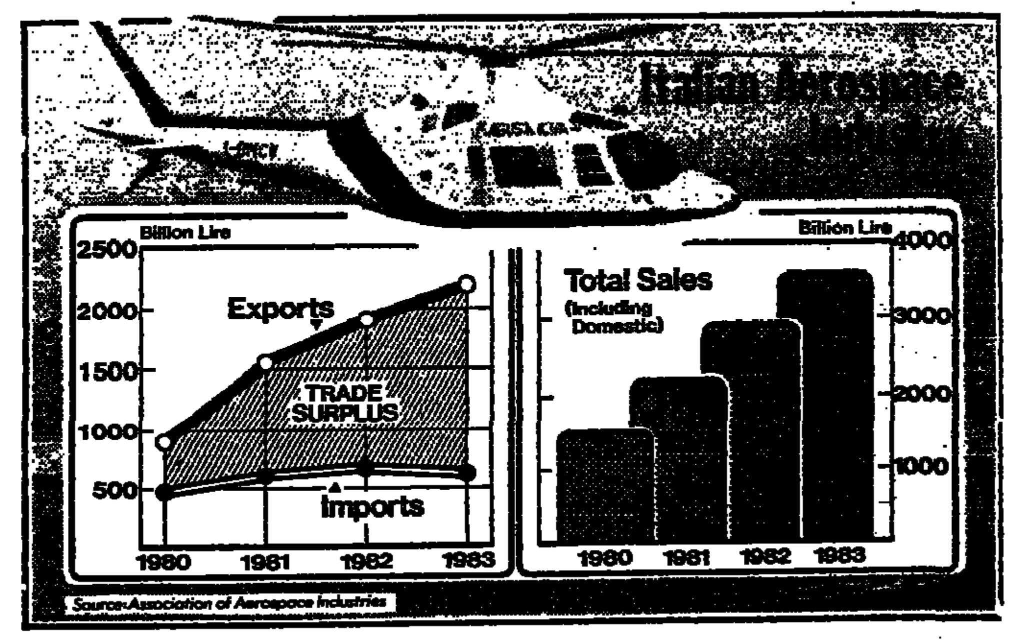
The price shows in Italy's big trade deficit in electronic products, the relatively low proportion of Italian exports *made up of high technology* goods, the country's backwardness in such new fields as biotechnology and optics.

Sig Renata Altissimo, the Minister of Industry, responsible for the private sector, is determined at least to change the way Italian governments assist private industry. He wants to amend the laws that enable lame duck companies to carry on operating for years at public expense, diverting resources from the businesses that really need help. But his proposals apparently represent too great a threat to the vested interests of the political parties, and have yet to be agreed.

Italian Engineering 2

James Buxton reports on the successes and failures of the major aircraft manufacturers

Aerospace industry feels the pinch



A FEW cracks have appeared lately in the hitherto prosperous appearance of the Italian aerospace industry. Agusta, one of two leading companies in the industry, is undergoing painful reorganisation, while its counterpart Aeritalia reported lower growth—though higher profits —in 1983.

Despite the recession the strengths of the industry are still obvious. They include: new products, now beginning production, which seem to be well judged for their potential markets; a particularly shrewd policy of co-operation with manufacturers in other countries; good salesmanship; and growing technical skills.

Aeritalia was last year by a whisker the bigger of the two main aerospace companies, with sales of L867bn last year. It is part of the Iri-Finmeccanica group, and it broadly concentrates on fixed wing aircraft, both civil and military. Constructed in 1969 out of a number of diverse units—to which more were later added—it now looks a reasonably mature company with several projects bearing fruit and others in the pipeline.

Agusta is still in essence the helicopter manufacturer that was founded by the Agusta family after the war. However, only 65 per cent of its turnover —which in 1983 reached L865bn—is now in helicopters and more than 90 per cent of Agusta is held by Efim, the smallest of Italy's three state holding companies.

It is Agusta which has produced some of the main headlines in the aerospace industry recently. A crisis which had evidently been building up for a year or more broke last year: the managing director, Sig Pietro Fascione, left; the company made an unprecedented loss of L165bn; and Agusta was finally obliged to put 4,000 of its 10,500 strong labour force on state subsidised lay-off.

Unsold stocks

Agusta's problems are due to three causes: recession, disorderly expansion, and poor financial management. The company makes a wide range of helicopters under licence from Bell, Sikorsky and Boeing of the U.S. and two major models of its own design. Helicopters have suffered particularly heavily from recession, with Bell's output cut by two-thirds.

But in Agusta's case the problems of recession were compounded by the fact that being an Italian state-controlled company it was not able with any ease to reduce output. Unsold stocks were valued by Sig Raffaello Teti, the new managing director, at L400bn a few months ago.

Meanwhile some of Agusta's ventures outside the helicopter field ran into problems and the group made what seemed to be an unnecessary acquisition—that of Caproni, an ailing maker of gliders. The structure of the group appeared unable to stand the strain when outlying parts of the company ran into difficulties.

Like most Italian companies Agusta has never been heavily capitalised, despite injection of funds from Efim which up until earlier this year had brought the proportion held by the Agusta family down to 20 per cent (Agusta was wholly privately owned until 1973). But *the borrowing the company* made was largely in dollars, and Agusta made no provision for currency losses, so that debt came dangerously close to exceeding turnover last year.

In the shake-up which began last year Sig Teti has tried to tighten up the company's organisation, and made provision for the extra cost of repaying the company's borrowing (which he says is responsible for more than half of the 1983 loss figure). He finally obtained government agreement and grudging union acquiescence for making lay-offs, which may continue through to 1987, and persuaded Efim to inject L110bn in new funds. This took the Agusta family's stake down below 10 per cent.

New ventures

Now the company is hoping for the market to improve and is pressing ahead with new ventures. The most important is probably the EH 101 project, in which Agusta is collaborating on a 50-50 basis with Westland of the UK. This is a project for a large helicopter which will be produced in naval passenger and utility versions.

But Agusta faces difficulties with its most recent in-house project, the A 129 Mongoose anti-tank helicopter. It is the only European anti-tank helicopter in existence, but so far only 60 have been sold 1—1 to the Italian armed forces.

Aeritalia has had a calmer time than Agusta recently, but its sales last year rose only 7 per cent, compared with an inflation rate of about 15 per cent (and Agusta's sales jump of 23 per cent).

Aeritalia's many activities include manufacturing the Panavia Tornado (in collaboration with Britain and West Germany), production of which is now in full stream. But attention in the military aircraft field is being increasingly focused on the AMX project, a light attack and battlefield support aircraft which originated with Aermacchi, now a subsidiary of Aeritalia.

The AMX is being developed and produced jointly with Embraer of Brazil, and orders from the Italian and Brazilian air forces total more than 260. Hopes are very high for substantial export sales.

Another of Aeritalia's more promising products is in the field of transport aircraft—the ATR 42 Turbo-Prop commuter aircraft which is being built as a joint venture with Aerospatiale of France and whose prototype was recently rolled out in Toulouse. The aircraft, which in its initial version will carry 46 passengers, is designed primarily to operate on secondary passenger routes.

Aeritalia makes the fuselage and Aerospatiale the wings. The engines are supplied by Pratt and Whitney.

Total orders amount to only 22 but Aeritalia hopes that the ATR 42 will without difficulty reach its breakeven point of 350 *sales and a total of 800-1,100* aircraft could be produced by the year 2000.

Aeritalia is still making progress with its G222 military transport aircraft, which is currently the largest aircraft of entirely Italian design and manufacture (apart from its engines).

Hopes are pinned on winning an order for 30 or more G222s from Turkey, for which finance has already been offered by the Italian Government.

Italy has so far stayed out of the European airbus project, and shows little sign of changing its mind. Given the perennial capital shortage initially, uncertainties about the economics of the A320 project, Aeritalia feels it has generally chosen well to develop strong links with the two major U.S. airliner manufacturers, Boeing and MacDonnell Douglas.

Aeritalia's enthusiasm about its involvement in the Boeing 767 project—in which it is technically a partner — has lately been somewhat clouded by the slowdown in sales of the aircraft. In contrast Aeritalia is doing well out of its co-operation with McDonnell Douglas: it recently signed a $33m project to research, design and build composite materials for the MD80 airliner, the re-engined and "stretched" version of the DC9.

The Italian company already produces in its Naples plant fuselage panels for the DC9 and for the DC10, whose market life has recently been prolonged. Since co-operation with McDonnell Douglas began in 1966, Aeritalia has received orders worth $928m from the U.S. company, and delivered $341m worth of products.

Aside from the two state-controlled companies, one of the most interesting projects in the Italian aerospace industry is the joint venture between Rinaldo Piaggio and Gates Learjet of the U.S. Between them they are investing $100m in a project to build one of the new generation of business aircraft, the GP-180.

The GP-180 is to a large extent an Italian design. It has a relatively wide fuselage and the main wing is near the rear of the aircraft, with two backward facing "pusher" propellers mounted on it. There is also a small, forward angled wing just under the nose.

Production of the aircraft will be in both Italy and the U.S., and the first aircraft are expected to fly in 1986. About 100 are expected to be produced a year.

Exhibition fillip for textile machinery makers

THE Italian textile machinery industry was given an enormous fillip by last year's international textile machinery exhibition, ITMA 83, in Milan.

Italian manufacturers were, not unnaturally, the most numerous in the exhibition and were showing the most advanced machinery. The orders which have subsequently come in have enabled the sector to enjoy a busy year this year.

Both production and turnover have increased at an average rate of 2 per cent this year, compared with 1983, according to ACIMIT, the Italian textile machinery manufacturers association, and this rise is being sustained in all sectors—spinning, weaving, knitting and finishing.

Even before ITMA 83 the industry was moving forward steadily. Sales to the EEC, Italy's strongest overseas market, have risen from L150.7bn (£65.5m) in 1981 to L174.8bn in 1982 and L221bn last year.

And in Asia and Australia, the country's second most important market area (a surprising strength in that Japan is so strong in this area) Italy has put on a tremendous spurt, reaching L158.1bn in 1984.

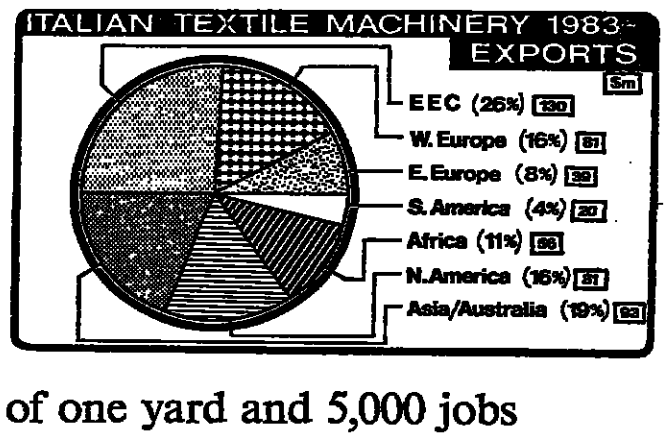
The way in which the Italian textile machinery industry has become internationalised is one of its strengths. As recently as 1958 exports were no more than L15bn (£7m); now they are over L803bn (£350m). According to ACIMIT, some 70 per cent of the industry's production is now bought by overseas textile industries.

The Italian industry gets its strength from its diversity. It produces across the range and has managed to maintain production, thanks to a certain amount of covert Government assistance, in areas where market forces have forced the industry into liquidation in other countries. Because many of the companies are big, either on their own account or through associations with umbrella groups, the textile machinery manufacturers have the resources and know-how to keep investing in new processes.

There are about 300 specialised companies in the country making textile machinery, employing over 26,000 people, which puts it among the industrial leaders. Among the important production groups are prespinning machinery, spooling, twisting, reeling and winding machinery, weaving machinery, both flat and circular knitting machinery, stocking machinery and equipment for dyeing, printing and finishing.

The textile industry has a reputation, outside its immediate confines, of being staid and old-fashioned. In practice, this is far from the truth, as ITMA showed. The Italians have benefited by keeping right in the forefront of technological advance.

To this diversity and advanced machinery must be added the essential quality of reliability. The established ranges have a very high reputation among buyers and are constantly updated.



Setbacks

This does not mean that the industry has not had its setbacks. Although it has done well in Europe and the Far East, economic conditions last year precluded further advances in a number of markets. South Africa was disappointing, and so too were Brazil, Colombia, Ecuador and Peru in Latin America. Other parts of Africa and the U.S. were flat.

ITMA 83 has demonstrated that several machine builders of the very first rank in rapier weaving have now firmly established themselves. Nuovo Pignone, for instance, now has a reputation that can compare with the very best. Its TP 400 machine has the versatility that buyers are seeking since it can not only weave cotton and wool but also man-made fibres.

Another innovative company is Somet, whose machinery can handle a wide range of yarn *counts* with the result that it can weave light or heavy materials, with equal facility, at high speeds. This machine has had a very big impact in Europe in a very short time.

Marzoli, another of the big Italian groups, claims Savio, one of the giants of the Italian industry, Vamatex, a prominent manufacturer of rapier weaving machines, and OMM, which makes machinery for narrow fabrics such as braids, are other companies with strong reputations for technical advances.

Savio has for the last few years been reorganising its own production facilities and is now firmly committed to the use of robotics and other forms of automation in its building programme.

The Italians have realised, as have the Swiss and the Germans, that the only way to counter competition from low-cost suppliers is for a manufacturer to possess the very latest, high-speed machinery which is labour-saving. They are now building machinery to cater for that buyer.

Vamatex, for instance, had machines on display at ITMA 83 which it claims incorporate some of the fastest rapier speeds available anywhere and OMM produced equipment which turned out rigid and elastic tapes at great speed.

What has really set the Italian textile machinery industry apart, however, has been the willingness of the domestic textile sector to invest in new machinery. Figures produced by the International Textile Machinery Federation in Zurich show that between 1974 and 1982 Italy was the largest investor among the developed countries in short-staple ring spindles, the second largest in rotors, and the third largest in both shuttle and shuttleless looms. With such a home market the machinery builders have a fine base from which to innovate and to sell to the rest of the world.

Anthony Moreton

Cutbacks will mean the loss of one yard and 5,000 jobs

Shipbuilding in line for a shake-up

A BLEAK picture of the state-owned Italian shipbuilding industry was painted by Professor Romano Prodi, the chairman of the state conglomerate, IRI, in his recent report on the industry for 1983.

Production, he said, went down by a further 7 per cent from the already low level of 1982, and the lack of new orders meant that the number of shipyard workers on state-subsidised lay-off has now risen to 5,500 out of a total workforce of 27,400. As far as the merchant navy is concerned, Italcantieri, the state shipbuilding concern, has had only six new orders for a total of just 42,000 gross registered tons.

Prof Prodi points out that Italy is suffering from a common European problem. The EEC share of world orders was down to 11 per cent in 1983 and there has been a rapid expansion of the Japanese and South Korean shipbuilding industries (which have 51 per cent and 15 per cent respectively).

However, Italy has had its own particular problems, the most important being the persistently high rate of inflation and a total lack of any long-term government planning.

The way in which the Italian textile machinery industry has become internationalised is one of its strengths. As recently as 1958 exports were no more than L15bn (£7m); now they are over L803bn (£350m). According to ACIMIT, some 70 per cent of the industry's production is now bought by overseas textile industries.

The Italian navy has benefited far more than the merchant fleet from such planning as there has been. In 1975, the Government introduced a 10-year plan for naval construction, and the results can be seen in the last five years, during which Italian exports of military vessels amounted to about 21 per cent of foreign orders throughout the world.

On June 2 1982, the Senate ratified a long-awaited Bill to provide L48bn in the form of soft loans to encourage the country's shipowners to enlarge their fleets in the next few years.

On the same day Parliament began its examination of a draft bill which would give the industry enough aid to enable it to lower prices for contracts by between 10 and 22 per cent, so putting Italian shipbuilders back in a competitive position. (Up until 1982, Italy had been the only country in the EEC which did not give government aid to its shipbuilding industry.)

This bill became law in mid August and was operative until the end of 1983. However, so much time elapsed between the drawing up of the Bill and its final ratification, that by the time help arrived it was totally inadequate.

Then, from the end of 1983 onwards, the industry was left in a void, with no help or even any sign of it from the Government.

The losses of Fincantieri, the holding company for the sector, went up only slightly from L91bn in 1982 to L93bn in 1983 —but sales declined by 27 per cent from L1,300bn to L950bn.

However, things are looking up slightly. On June 20 the Government decided on a new plan to restructure the industry. The Government has now agreed to provide L800bn, to bring Italy into line with other EEC countries (who still have the advantage, however, of not having had large gaps in aid). At least L200bn will be used for the modernising and restructuring of shipyards.

At present, Fincantieri is split into eight separate companies, of which the largest are Italcantieri, with plants at Monfalcone, Genoa-Sestri and Castellamare di Stabia, and Cantieri Navale Riuniti in Genoa (which builds warships).

These are now to be merged into one company, split into four parts: off-shore and mercantile construction, military, repair and rebuilding, and engine construction—each cut down to size according to how rosy or otherwise the future looks. This should lead to a general rationalisation of the industry.

This cutback in the industry will mean the loss of 5,000 jobs and the closing down of one of the medium-sized shipyards—likely to be Genoa-Sestri.

The only part of the industry to break even during the last few years and to continue to receive orders is the Cantieri Navali Riuniti (CNR), which builds ships for the Italian and other navies.

After winning a big order from Venezuela, CNR in 1980 won the contract to supply almost an entire fleet to Iraq. At the moment, the shipyards of Genoa and Muggiano, which is at La Spezia, are building four frigates, six corvettes and a floating dock. The total value of the Iraqi order is L2,500bn, including the electronic and engineering work on which Oto Melara (a state-controlled company which specialises in guns, missiles and armoured vehicles) and Selenia-Elsag (part of the state-owned STET group) are involved.

The first ships should soon be due for delivery, which could pose political problems in Italy if the Iran-Iraq war is still continuing.

By the time the order is due to be completed, in 1985, CNR will be badly in need of more orders. It has recently received contracts to build four corvettes and an assault ship for the Italian navy, and there is a possibility of a second assault ship. But this will not match the level of work CNR is accustomed to.

Jennifer Grego

Italian Engineering 3

Motor industry reaps rewards of reform

The greater part of the Italian motor industry is looking healthier than it has for years. Fiat is not only the car producer that sells most cars in Europe, but also has a far higher share of its domestic market than any car maker in the Western world.

Its car division made a profit last year for the first time in its separate existence. Alfa Romeo, too, is doing a little better, though is still heavily in the red.

The recovery of Fiat is one of the most important events in Italian business history in the past four years. It really began in 1980 after the management had taken on the workforce and beaten it in a prolonged strike which led to heavy lay-offs.

From then on productivity rose, absenteeism dropped and the company, its morale reinvigorated, implemented a series of decisions and made heavy investments which are now bearing fruit.

Probably the most important element in Fiat Auto's recovery is the way in which the company has succeeded in cutting production costs so that it can break even at production of only about 1m cars a year, instead of the 1.5m which was regarded as the breakeven level in 1980.

This means that Fiat is better adapted to the present day car market than some other manufacturers, and, indeed, it has actually reduced some of its possible markets by pulling out of North America and South Africa and withdrawing from manufacturing in all of South America except Brazil, on which it is by contrast concentrating enormous investments.

The reward for creating a much fitter production machine came in early 1983 when Fiat introduced the long-awaited Uno, a super-mini to replace the 127. It had an effect in Italy similar to that of the introduction by British Leyland of the Metro, only more so.

The appeal of the car itself, relief at Fiat's revival and some highly skilful marketing made the Uno an instant success, so that in a year it achieved 245,000 registrations, pushing up Fiat's share of the Italian market by almost four percentage points to 55.4 per cent. The car was also voted European Car of the Year by motoring journalists for 1984.

Fiat has now flanked the Uno with the Regata, a bigger car which replaces the 131, to which it bears a certain resemblance. The modernisation of the Fiat range is therefore proceeding.

Upmarket image

A small but important part of Fiat Auto is Lancia, which has had a revival of its own after years of marketing difficulties, clouded by doubts over the cars' reliability.

Lancia has been given a new up-market image, its dealer network has been separated from that of Fiat and with some attractive new models it succeeded pushing up car deliveries last year by 24.3 per cent to 105,000.

The first pay-off came in 1983, when Fiat Auto made its first profit since it became a separate company in 1979. The profit was only L80bn, on sales of L11,307bn, but it was achieved despite losses by overseas subsidiaries amounting to L116bn—the bulk of which was incurred in Brazil, where the Fiat subsidiary's operating profit was turned into loss by devaluation and very high interest charges.

In 1982 Fiat Auto would have made a profit but for losses in South America, including the heavy write-offs involved in closing down operations.

Fiat Auto's profit helped the Fiat group as a whole double its net profit to L214bn last year on total sales of L21,985bn. The *result is hardly glittering, but* it was a good underpinning for the announcement of a rights issue worth L760bn which is to go ahead this autumn, as part of a capital restructuring which includes the issue of free shares, so that Fiat's nominal capital will rise sixfold from L337.5bn to L2,025bn.

However, the success of Fiat Auto is offset by serious difficulties with Fiat's industrial vehicle subsidiary, Iveco.

Iveco is the somewhat awkward product of mergers between Italian, French and West German vehicle makers, though it all now belongs to the Turin-based concern.

Industrial vehicle makers have suffered badly from recession almost everywhere, but Iveco has had the added problem that its largest market, *Italy, is proving to be the last* to move out of recession.

There are also difficulties with the complex structure of the company and the sheer extent of its product line. Last year it went back into loss with a deficit of $75m on sales which which were down 9 per cent at L4,517bn.

To sort out the problems at Iveco, Fiat nearly two months ago removed Iveco's managing director, Sig Giorgio Manina, and replaced him with Sig Giorgio Garruzzo, who, up till then, had been one of Fiat's two general managers. One of Sig Garruzzo's first tasks is to devise a new marketing plan for the company.

Italian car makers last year achieved no less than 63.4 per cent of their home market, which totalled 1.58m cars—a drop of 6 per cent on 1982. Of this, Fiat and its offshoots Lancia and Autobianchi accounted for 55.4 per cent. Another 6.6 per cent was made up by Alfa Romeo, the almost perpetually loss-making producer of fast and sporty cars.

Taking its cue from Fiat it, too, has succeeded in cutting its effective labour force and pushing up its productivity. Output of cars per man per year is now said to be about nine, compared with 4.6 in 1978.

Alfa Romeo is, like Fiat, investing heavily in car production facilities: it plans to spend L2,000bn between 1982 and 1990, just as Fiat plans to invest about L4,000bn in its car operations over the next three years.

Last year Alfa Romeo launched two new cars. The first was the Alfa 33 which is being built at Alfa's plant at Pomigliano D'Arco, outside Naples. The plant opened in 1972 to make the Alfasud, on which some L197bn has lately been spent on modernisation.

The Alfa 33 is slightly bigger than the Alfasud, but seems to fall into no very clearly defined category of car.

The Pomigliano plant also makes the Arna, the fruit of Alfa's once highly controversial joint venture with Nissan of Japan, the first intrusion into Italy of a Japanese car maker (imports of Japanese cars are limited by treaty to 2,500 a year).

Body panels for the Arna are shipped from Japan and welded at a jointly-owned Alfa-Nissan plant at Avellino before being taken to Pomigliano for final assembly. The Arna is also sold as the Nissan Cherry in Europe.

Next, Alfa is to turn its attention to its older plant at Arese, near Milan, where equipment is being installed which will produce one new model a year for the next four years.

Alfa Romeo Spa, the parent company of Alfa Auto, reduced its losses sharply last year to L28.5bn from L72.8bn on sales of L2,650bn.

Normally about three quarters *of this is accounted for by Alfa* Auto, but the company has yet to release any financial data on Alfa Auto's performance last year.

Nuova Innocenti, the country's third "volume" car manufacturer, produced only 14,000 cars last year, taking 0.9 per cent of the market.

The company produces only its Mini and it has suffered heavily at the hands of Leyland recently. However, it also assembles and makes the bodywork for the successful Maserati, which is majority-owned by Gepi.

Maserati's Biturbo, a high performance luxury saloon introduced in 1981, is in strong demand. Nearly 5,000 were sold last year—and sales are expected to continue rising.

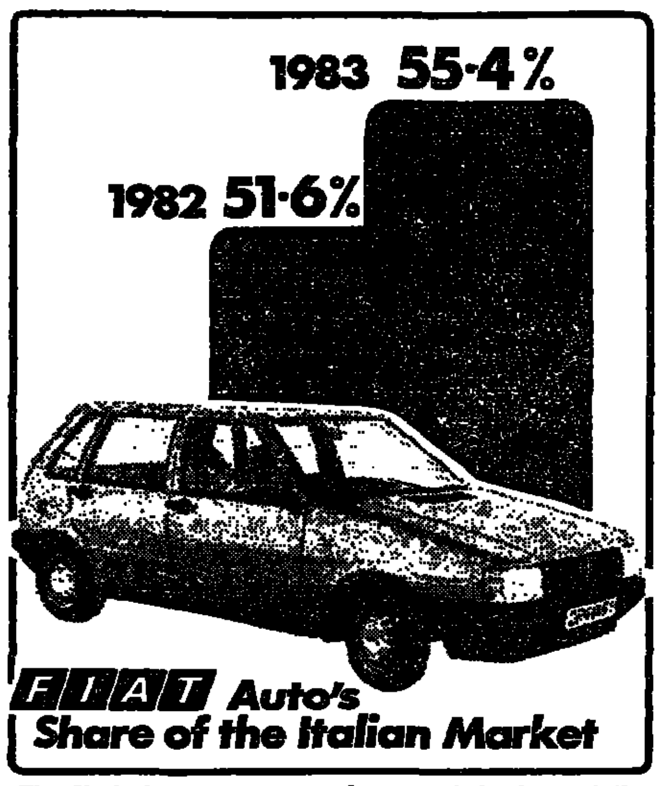
The success of the Maserati means Nuova Innocenti's future is more secure than its losses last year of about L15bn might suggest.

Alan Friedman

NEW CAR SALES IN ITALY

	1982	%	1983	%
Domestic	998,460	59.2	1,002,355	63.4
Imports	686,120	40.8	579,670	36.6
Total market	1,684,580	100.0	1,582,025	100.0
DOMESTIC				
Fiat Auto (Fiat / Lancia / Autobianchi)	869.785	51.6	876,130	55.4
Alfa Romeo	106,655	6.3	104,180	6.6
Innocenti	19,765	1.2	13,725	0.9
IMPORTS				
Renault	185,870	11.1	161,640	10.2
Peugeot-Citroen-Talbot	142,605	8.4	100,930	6.4
Ford	84,915	5.0	72,275	6.4
Volkswagen	89,190	5.3	68,505	4.3
General Motors (Opel)	62,445	3.7	55,370	3.5
BMW	26,230	1.6	28,235	1.8
BL	31,630	1.9	27,095	1.7

Source: ANFIA



The Uno's instant success pushed up Fiat's share of the market by nearly four percentage points in a year

Testing times for the home electricals sector

THE ITALIAN home electrical equipment sector, which includes both the "white goods" heavy durables side and the "brown goods" consumer electronics business, has recently been going through what might best be described as a crisis.

Put simply, the largest Italian home appliance maker—Zanussi—has come within a hair's breadth of bankruptcy while the state venture designed to reorganise consumer electronics is just getting off to a much delayed and rocky start several years after foreign colour television suppliers took control of the Italian market.

Before the prospect of a rescue by Electrolux of Sweden or Thomson-Brandt of France arose, the once proud Zanussi was looking distinctly insolvent. (At the time of writing Electrolux looked likely to succeed with its rescue bid).

The Pordenone-based maker of washing machines, freezers, cookers and other white goods had been effectively without a capital base for the better part of a decade. And the past five years had seen an incredibly costly expansion programme, complete with a wild string of acquisitions in areas unrelated to home appliances—and all of it financed by bank loans.

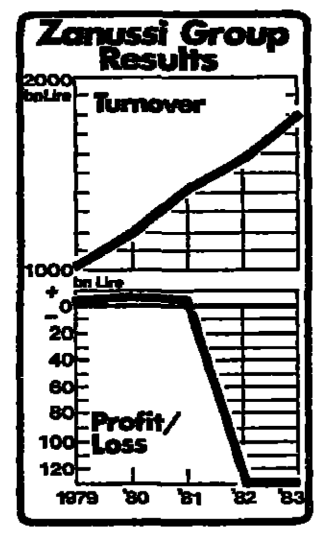
Negotiations

Sig Lamberto Mazza, who was widely criticised over his acquisition policy, resigned a year ago, just as Zanussi revealed a L130bn loss for 1982. Then came the brief rule of Sig Umberto Cuttica, an ex-Fiat manager who left Zanussi in April of this year when the news of negotiations with Electrolux emerged.

Meanwhile, Zanussi was defying financial gravity—it was a company with a nominal share capital of L80bn and what one senior executive termed "a negative net worth." The group's bank-financed expansion resulted in a gross debt of L1,046bn ($615m), or 58 per cent of last year's consolidated sales of L1,800bn annual interest charges have been running at around L140bn.

Heavy losses, insufficient capital, slack demand, over capacity in the European market, a Zanussi family with 90 per cent of the shares and no desire to put a penny into the group, three chairmen in the space of one year (the last being a Zanussi family relative—Franco Zoppas) . . . these were some of the ingredients of the Zanussi crisis. It is not hard to understand then the situation which pertained last month when Sig Nerio Nesi, chairman of Italy's largest bank (Banca Nazionale Del Lavoro) and a major creditor of Zanussi, pledged that Zanussi would not be allowed to go into court appointed receivership.

In fact, Zanussi's distribution network, reputation and general manufacturing infrastructure in Europe is not bad at all. The group has subsidiaries in the UK, France, West Germany, Austria, Belgium, the Netherlands, Norway, Switzerland and Denmark. The problems Zanussi has been facing—sloppy and sometimes poor management, inadequate capital and the state of the market—can be overcome with cash injections and a serious rationalisation programme. And the Zanussi financial crisis could well result in a major shake-out in Europe's $10bn white goods industry.



Zanussi's biggest losses in recent years come not from white goods, but from its ventures in consumer electronics, particularly colour television. The trouble began during the last decade as Governments in Rome dawdled and could not decide which system to adopt.

Finally after delays which allowed foreign competitors in, the government in 1976 approved the West German pal system. But it was almost too late and Zanussi was left well behind its rivals. Between 1978 and 1982 Zanussi's three principal electronics subsidiaries—Elettronica, Ducati and Inelco—managed to absorb L300bn of group resources without any real return.

As for the Government's scheme to reorganise and strengthen the consumer electronics sector, this has been a non-entity for years. As long ago as 1978 the idea was being discussed. A state company called Ristrutturazione Elettronica (REL) would bring together Zanussi and the other would-be force in colour television, Italy's Indesit.

The Italian Government eventually commited itself to spend L360bn on REL (it can be argued that this sum was insufficient) and then managed to avoid disbursing the money for years. Finally, a few months ago, REL began operating, taking equity stakes and making plans for loans to Italian electronics companies. Thus far little has been heard from REL.

If Zanussi's problems seem worrying, and those of the consumer electronics sector as well, then Italy's second largest home electrical equipment company—Indesit—is also undeserving of rave reviews. A few weeks ago Indesit announced a L1bn profit on its white goods division and a L10bn loss on its electronics manufacturing. There was an additional L14bn extraordinary debit struck in relation to Indesit's emergence from two years of court-appointed receivership.

Profitability

Indesit reckons it may return to profitability by year-end and is hoping to improve its performance with a new agreement from Casio, the U.S. electronics and computers company. The Casio deal calls for Indesit to manufacture under licence 40,000 to 50,000 cash registers over the next three years.

Italy's home electrical products sector may well revive, but at present it is not looking terribly well. What are the prospects? If the Electrolux takeover goes ahead then competitors such as Philips and Thomson-Brandt will have to face the two companies combining with around a quarter of the European white goods market between them. One competitor of Zanussi's speculated on this possibility recently and said that "Everybody would be vulnerable, and I mean everybody."

But a takeover of Zanussi by Electrolux would leave the Italian industry looking rather thinnish. *There are other companies* besides Zanussi and Indesit, but none with a major market share outside Italy.

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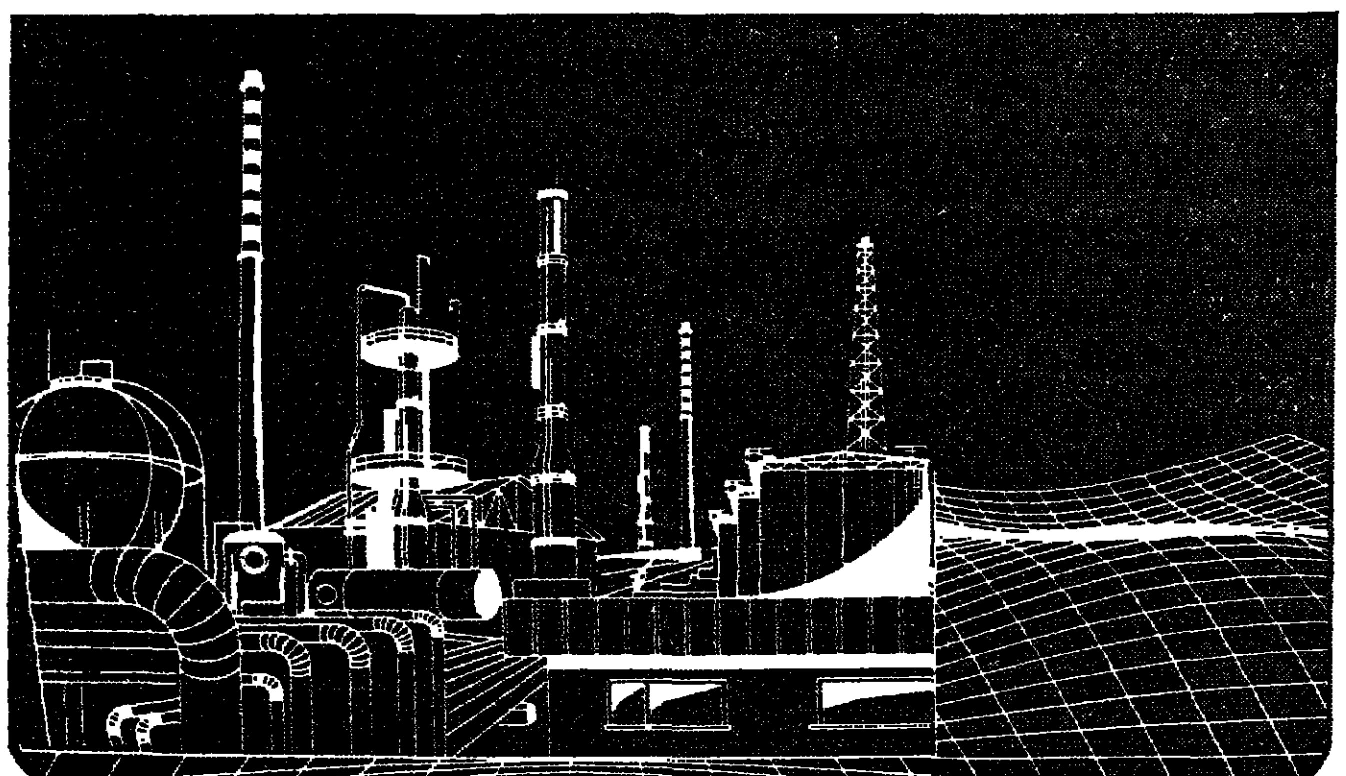
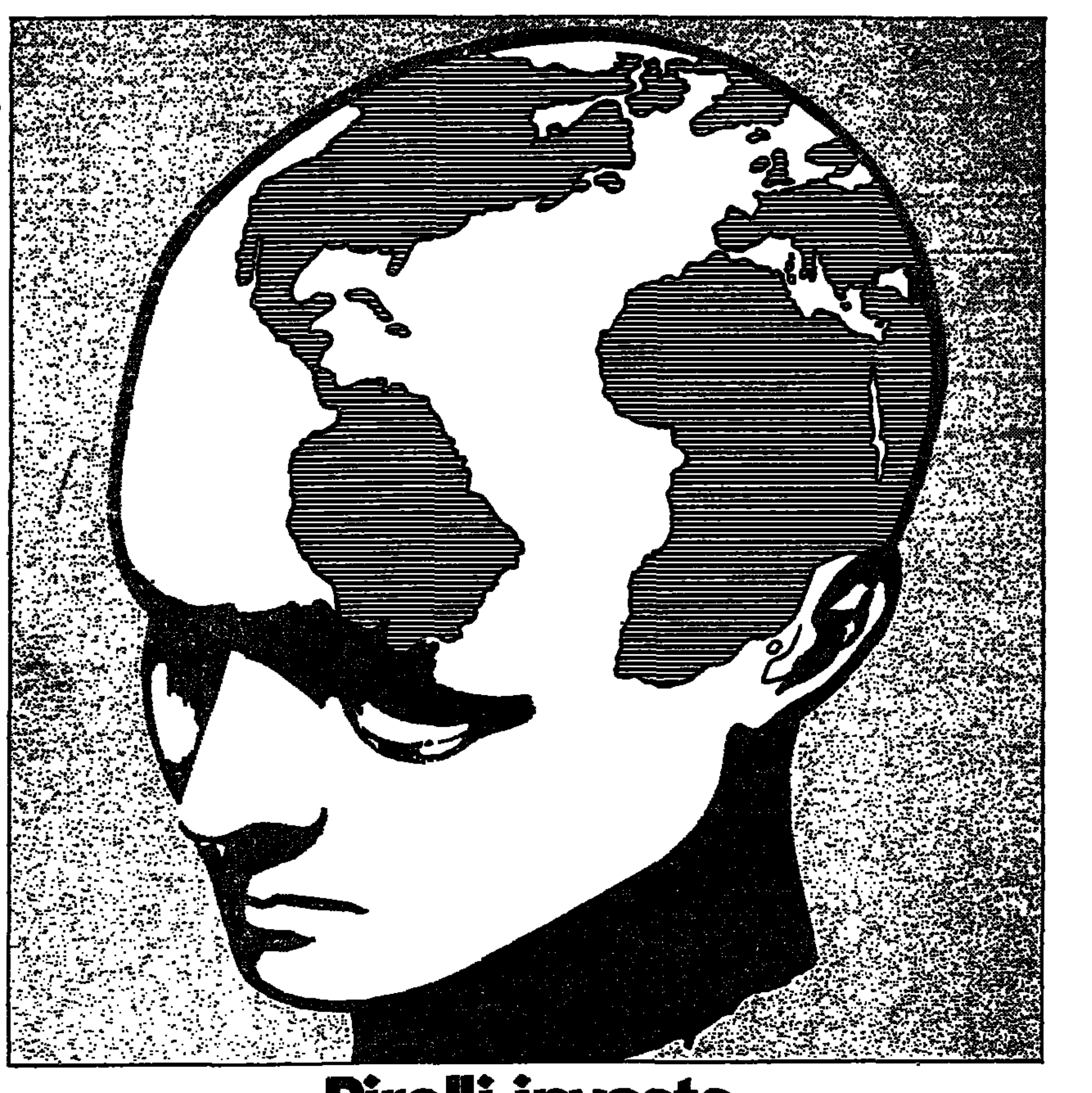


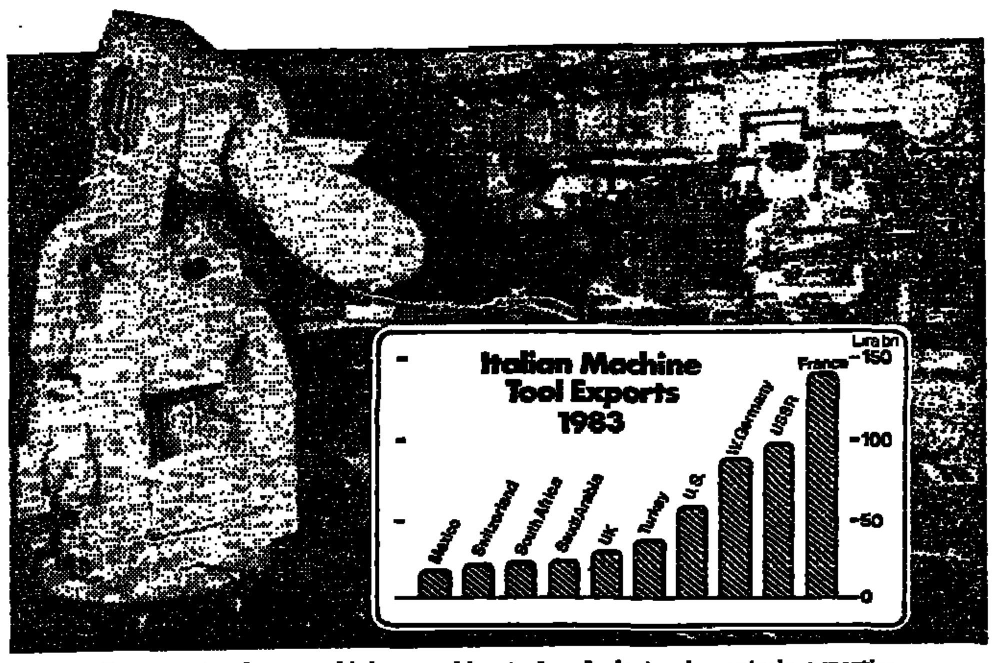


Machine tool industry sees flexible manufacturing systems as the way ahead

Future lies in marriage with electronics

THE FUTURE of Italy's machine tools industry will depend to a great extent upon the ability of manufacturers to further develop combined machine tool and electronic controls expertise—known in the sector as flexible manufacturing systems (FMS).

"This is where growth will be," explains an official of Italy's active Machine Tools Manufacturers Association, UCIMU. "We must take an already strategic component of the manufacturing industry, namely the machine tool, and make it even more strategic through FMS."



Progress involves combining machine tool and electronic controls expertise

In fact the Italians are already well advanced, more so than most other European countries. Italy boasts five manufacturers of FMS, or automated controls — Fiat's Comau subsidiary, Olivetti's OCN, Mandelli and the state-controlled SAIMP and Elsag companies.

Fiat Auto, which uses robots made by its Comau subsidiary, is a showcase for the sector. Comau has also been successful in exporting its electronic controls systems. A typical example was a $10m contract last year for Comau to provide Borg-Warner of the U.S. with a system to make air compressors and gear boxes.

The sophisticated system, which is 125 ft in length and 69 ft wide, is capable of manufacturing up to 80 different types of air compressors. The system can also select a variety of components for production on a flexible basis, depending on which materials are available in stock.

On a smaller scale the Mandelli group has been successful in selling its flexible manufacturing system to IBM's Italian subsidiary, which also happens to be one of Italy's most profitable companies. IBM Italy is using the Mandelli system to make computer components.

Pedestrian problems

There can be no doubt that Italy's machine tool makers are well aware of the need to achieve state-of-the-art technology which will compete with the advanced systems on offer from Japan, the U.S. and West Germany. But meanwhile the Italian machine tools sector has been coping with rather more pedestrian problems — such as struggling through recession.

"We have had a difficult time," says one UCIMU official, pointing to a 24.9 per cent drop *last year in domestic orders.* "There were many companies last year who had to lay off workers. There are seven companies now in court-appointed receivership — in more than 30 years we had not had that," declares Sig Pier Luigi Streparava, vice-president of UCIMU.

Sig Streparava and other industry executives say that the present economic recovery in Italy has not been dramatic enough to encourage an appropriate level of capital investment. "The recovery is going too slowly for machine tools makers to realise that this is just the time to invest," explains Sig Streparava.

In order to stimulate orders the machine tool lobby has been pressing government officials in Rome for several years to provide some form of assistance. Italian machine tool makers often cite the example of Government programmes in Britain and other countries as support for their case.

"The Pentagon acts as a major stimulator of American machine tool companies," notes an UCIMU official.

Last year the Italian Industry Minister agreed to provide L100bn to help boost demand from industry for machine tools. The idea was to provide small- and medium-sized engineering firms with grants for 25 per cent of the purchase price of machine tools. Last month, this Government grant was supplemented by a further L85bn, which is welcomed by machine *tol makers as a likely stimulus.*

But UCIMU is asking for even more state aid. This spring, the Industry Minister was told by UCIMU that machine tool makers would like to obtain an unprecedented L600bn of aid over five years.

The idea of the latest request is to provide machine tool makers with loans at not more than 40 per cent of the standard rate of interest to enable them to invest in new technology. Prospects for any rapid response to the L600bn request seem dim, but as is the case in things Italian, a period of initial posturing has begun.

The structure of Italy's machine tools industry is not uniformly suited to major technological innovation. The companies involved in FMS are among the largest of the roughly 400 machine tools businesses in Italy. The average number of *employees per company* is estimated at around 80, which is down on an average of 90 or 100 a couple of years ago.

Most of the companies are small and tend to operate with small businesses. Around 200 of the 400 Italian companies account for 80 per cent of all production, while the top 40 *firms represent half of Italy's* machine tools turnover, which *last year totalled* L1.575bn.

While *Italy's* machine tools industry has been going through a rough patch at home, ISTS exports have been flourishing. Italian products, including FMS products, remain competitive on the world market and last year Italy exported L900bn of machine tools, representing 57 per cent of total turnover.

In 1983, while home orders were down *a quarter, foreign* orders were up by 13.1 per cent. This year foreign orders are expected to increase by around a fifth on 1983.

Foreign orders jump

In the first quarter of this year foreign orders recorded an enormous 78.9 per cent increase, according to UCIMU. But this figure was distorted as the year-on-year comparison is against a very low 1983 base.

Nonetheless, Italy is a force on the world market, sending around one third of its machine tool products to buyers within the European community. A further 15.3 per cent to West European countries outside the EEC, 14.2 per cent to Eastern Europe, 9.7 per cent to Africa, 7.3 per cent to North America, 6.1 per cent to Latin America and the balance to Asia.

To remain competitive in the U.S. however, it is not enough to produce and market sophisticated FMS products. A number of Italian machine tool makers reckon that service, perhaps above all else, is what counts in the United States.

The Italians are becoming aware that to maintain credibility in the American market they may have to go into joint ventures with U.S. companies.

The prospect of trying to match a U.S. company's distribution and servicing network from Northern Italy is just too daunting. Some companies are going into service agreements, others are actually joining production systems, with assembly of Italian parts in the U.S. or even a mix of parts between Italian and U.S. companies.

Back in Italy, the prospects for 1984 are reasonable, but by no means exciting. Sig Streparava says: "We hope the second part of the year will be better than the first six months, but we are just hoping."

An UCIMU official estimates that domestic orders will grow at a rate above inflation, but he admits that this is not likely to be a banner year. The strikes in West German industry have affected Italian manufacturers, who frequently rely on German components. As a result a number of Italian manufacturing timetables have been upset, and this has had a knock-on effect on suppliers of machine tools.

Troubles or no, Italian manufacturers are looking ahead, however, and some of the bigger companies are making significant investments. UCIMU remains confident that Italy will continue as an international force in the industry. The challenge, as one machine tool executive put it, will be to "get ahead of the industry."

Alan Friedman

Telecommunications gets set to ring changes

Rows over which is right line to take

IMPORTANT changes are in the offing Italian telecommunications changes which will have major effects on the industries which supply it, and on the customers who use its services. Yet exactly what the changes are going to be is still far from clear, and even more uncertain is how soon they will be put into effect.

For months the air in Rome and in the industrial cities of the north has been thick with reports of impending changes in the Byzantine structures of Italy's telecommunications utilities, and of impending agreements between state-owned companies and private sector concerns, both Italian and foreign. Political rows have *brewed up over* both the strategy, and the men who should direct it.

WHO STET IS TALKING TO

STET, the Italian state-owned holding company for the tele*communications and electronic industry,* has been *holding* discussions with the following companies on possible co-operation:

STET subsidiary involved	Potential partner	State of discussions
MICROELECTRONICS		
SGS	Fiat	Agreement being considered
SGS	IBM	Talks in progress on understandings that would be compatible with an agreement with Fiat
SGS	*Olivetti*	
TELEMATICS		
Italtel	Telettra (Fiat)	Agreement being considered
Italtel	Olivetti	Contacts underway
Italtel	Siemens AEG	Contacts underway
Italtel	IBM Rolm	Contacts underway
FACTORY AUTOMATION		
Ragruppamento Selenia Elsag (RSE)	Comau (Fiat)	Agreements being considered
RSE	Olivetti Controllo Numerico (Olivetti) and Osai (Olivetti)	Contacts underway

Vague decision

Yet so far the only relatively concrete development has been a vaguely-worded decision by a government committee, and a ministerial statement on the negotiations that are in progress.

Although Italy was the first country in Europe to have universal subscriber trunk dialling its system plunged into crisis in the late 1970s as successive governments refused to let charges rise in line with inflation. Investment dropped drastically and the problem of SIP—the agency which provides many of the telephone services —*dragged down the equipment* makers, especially Italtel, which like SIP is controlled by STET, the telecommunications and electronics subsidiary of the state-owned IRI group.

The root of the problem came to be seen as the lack of a single utility with a coherent and relatively independent management sufficiently funded to make the investments necessary for modern *telecommunications* system. The first modest steps in this direction were taken in 1981 when SIP was at last allowed to raise its charges by a substantial amount, which at least improved its finances.

But SIP is greatly restricted by the fact that many of the functions that, for example, British Telecom handles in Britain, are in Italy divided between SIP and an organisation named ASST, which comes under the Ministry of Posts (while SIP's parent STET comes under the Ministry of State Shareholdings). ASST puts through trunk calls and many overseas calls, while another branch of the Ministry of Posts handles telex.

Now, however, it looks as though a degree of rationalisation is at last on the way. There seems to be a degree of consensus that the best solutions would be for SIP to take over *all switching from ASST,* obtain the right to manage all new services such as teletex and videotex, and have its powers widened in other areas. Italcable, another part of the STET Group, is to get a stronger position in international calls.

New conventions

However it has yet to happen: the new conventions between the different utilities have yet to be formally approved. All that has happened is that in late June an inter-ministerial committee reached a very general political decision which appeared to approve the main lines of the new conventions, but contained no directives for their implementation and no indications as to a time scale. The decision must anyway be ratified by the Cabinet, and at the time of writing the future of the Craxi Government is decidedly uncertain.

The same committee delivered a blow to SIP's hopes by failing to authorise the full increases in tariffs and financing that SIP declared necessary. Indeed, so great is the delay in authorising new tariff increases for SIP that the continuity of its equipment ordering programme is in doubt, which poses a threat to Italtel, its main supplier.

Yet disappointing as the committee's decisions were, it still seems likely that very slowly, by a process of two steps forward and one step back, the solution that reinforces SIP will eventually be implemented. And that has one important consequence: SIP will have responsibility for completing and running Itapac, Italy's packet *switching data transmission* network, the basic structure of which is now nearing completion.

National data transmission network allow computers to talk to one another via a public rather than a private network. The crucial questions are how the subscribers plug into the network and who supplies the equipment that they connect to it.

SIP discussed with IBM, the U.S. giant which has a major presence in Italy, the possibility of IBM handling the development of the services which Itapac would give the consumer. But the possibility that IBM might gain a predominant position in the market that Itapac would open up *horrified many politicians, and* enraged Olivetti, the Italian data processing manufacturer,

Confindustria, the Italian industrialist's association, also protested that any exclusive agreement with one company would be against the interest of the consumers. Now the official position, as spelt out a few weeks ago by Sig Clelio Darida, the state shareholdings minister, is that SIP is discussing the possibility of collaboration with both IBM and Olivetti, but is not ruling out the possibility that SIP might in effect develop the Itapac services on its own, buying hardware and software from a variety of suppliers. Many observers doubt whether SIP, despite its recently improved management, would have the capacity to do that.

While these discussions go on, Italtel is getting ready to supply later this year to SIP and ASST the first of its second generation of electronic exchanges.

This forms part of an electronic public switching system which is being developed by Italtel in partnership with GTE of the U.S. and Telettra, the telecommunications subsidiary of Fiat.

Yet even in public switching there is uncertainty. For when the decision was taken in 1982 to go ahead, with the Proteo system, it was also decided that there would be a second exchange type, produced by the private sector. This implied a choice between FACE, the Italian subsidiary of ITT, and FATME, that of Ericsson. But nothing has been decided since, and the decision would be a very difficult one, since whichever company's exchange type was chosen, the other would lose.

One hypothesis that has been suggested is that both companies will supply their own exchanges, and these and the Proteo system will gradually be *blended into one.*

Sartorial elegance

Italtel, which is run by Sra Marisa Bellisario, who combines sartorial elegance with exceptional drive, last year returned to profit, turning a loss of L115bn in 1982 into a profit of L10bn. It has recently obtained the first export orders for Proteo,

It is also discussing with Telettra, the third partner in Proteo, the possibility of the two companies rationalising their respective positions in the field of telematics.

STET is talking about a whole range of sectors with Fiat (which has its own interests in the electronics sector) and with IBM, as well as with Olivetti and other companies. A complex network of interlocking agreements is being gradually worked out which ought to produce a more concentrated and efficient electronics industry. It is not yet clear whether any agreements will be finalised before the summer break.

For the moment it is only possible to set down what, according to Sig Darida, the State Shareholdings Minister, STET is discussing, and with whom. This is best done in the accompanying table.

James Buxton

Tractor manufacturers believe market decline has bottomed out

Expansion just around the corner

ITALY'S TRACTOR manufacturers are showing strong signs of being the first in Europe to benefit from the major restructuring of the industry.

In the late 1970s following the world-wide slump in demand for tractors and agricultural machines, tractor sales in Europe plunged from 365,000 in 1976 to 265,410 in 1983 and a predicted all-time low of 250,000 this year.

It Italy, the national tractor market has fared no better with sales dropping 30 per cent in the past three years. However, Italy's tractor manufacturers, despite lower sales, have weathered the deteriorating situation with remarkable success, achieving steady profits, greater market penetration, lower costs and increased productivity.

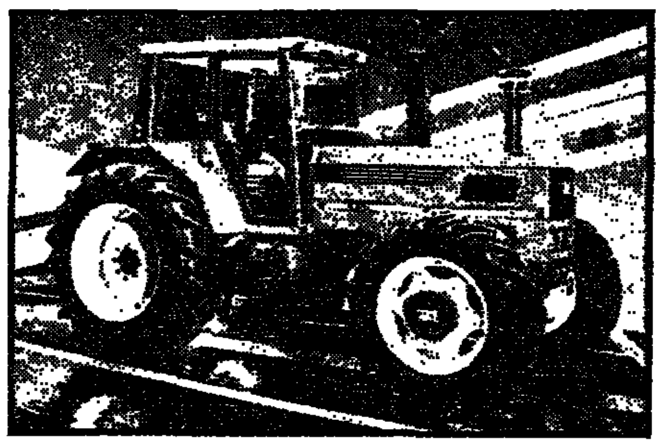
This year, Italy's manufacturers say, the tractor market in Europe will reach its lowest point and fall no further. They say 1985 should produce a slight upturn, starting in the U.S., which will pull European tractor sales back to 300,000 a year. The very most we can look forward to in 1984 is a year of zero growth says Fiat Trattori, the leading European-owned tractor manufacturer.

"It is time for us to stop dreaming and blaming the crisis," says Sig Anselmo Lusvardi, director of industrial managment for Same, Italy's second biggest tractor manufacturer. "We must accept the state of the market as fact; the only change will come from the tractor industry itself if we are to profit from the situation." Italy's tractor manufacturers have taken heed.

Out of the 265,410 tractors sold in Europe last year 38,000 were produced by Fiat Trattori, whose market share moved up from 14.2 per cent in 1982 to 15 per cent in 1983. In Italy Fiat holds 40 per cent of the market and internationally claims to be second only to Massey Ferguson, with 12 per cent of world sales.

Despite the recession Fiat Trattori has just announced its fifth consecutive year of profit, with net earnings for 1983 at L14.4bn an dsales revenues of *L959bn of which 75* per cent came from export sales. The Fiatagri group, which includes Fiat Trattori, Laverda Spa and Hesston Corporation, made a profit of L24bn.

Although the North American farm machinery companies still hold a major slice of the European market—in 1983 Massey Ferguson took 10.1 per cent International Harvester 9.3 per cent, Ford 8.2 per cent, John Deere 7.4 per cent. Both Fiat and Same say multinational market penetration has remained rather static. John Deere for example has not reached its 10 per cent target in Europe and sales to Italy for the first quarter of 1984, have fallen another 11.7 per cent.



Same's Laser 130, part of the company's new range aimed at improving operator comfort, safety and fuel consumption

FIAT SALES OF FINISHED TRACTORS AND KD UNITS

	1983	1982	1981
Finished tractors:			
Italy	16,559	19,250	18,041
Rest of Europe	20,844	18,854	13,532
Outside Europe	18,645	18,148	21,074
TOTAL	56,048	56,529	52,647
KD units	28,525	28,195	24,302

Source: Fiat Trattori Annual Report 1983.

On Same line

Fiat and Same say they have *been drawn into a discount war* triggered off by the difficulties of the multinationals. "We have been constrained to do this," says Sig Aldo Coen, Fiat Trattori's general manager. "But it should be a battle of costs not prices. It is very dangerous; with our products, we do not need to do this dumping." Same's commercial director, Sig Lorenzo Pizzini, says the multinationals "have created an artificial market for us."

Same, which claims to be Europe's fourth biggest tractor manufacturer and the world's sixth, is a privately-owned group based at Treviglio, near Milan.

While the European market for the first quarter of 1984 was down a further 3.18 per cent, Same says its sales rose 21.45 per cent, and for the financial year ending April 30, 1984, Same has announced a profit increase of 25 per cent.

Much of Italy's success during the five years of crisis is attributed to innovation. "With a declining market," says Sig Guiseppe Favagrossa, Same's manager of technical documentation, "everyone was obliged to think about new technology and new concepts, following the Japanese philosophy of investments. This was essential for survival."

With the onset of the slump in 1978-79 Fiat and Same opted to channel investments into restructuring their production lines. Fiat injected L200bn over a three-year period into their latest tractor range the "series 90" which was launched this year at the Verona fair. The range which includes 18 models from 80-115 hp is aimed at developed markets

Both tractor manufacturers have switched to a flexible production line using computerised plant and robotised phases for paint spraying, body work procedures and mounting on line. Same has invested L5bn in robots for its new assembly line.

"Our new system, based at Modena, gives us the opportunity to change models quickly without extra costs," says Sig Coen, of Fiat. "Innovations to our production line for 1983 have increased productivity by 7 to 8 per cent." At the same time, Fiat Trattori has the advantage of drawing upon the Fiat group for updated technology and parts, such as engines from Iveco and machine tools from Comau.

"Our policy is to expand into *new* areas wherever possible and ensure the fullest agricultural range," says Sig Coen, "It is the only way we can balance our position and increase our market share if we are to maintain our volume. We are not producing more tractors." Five years ago Fiat purchased the U.S. haymaker and forage machine company Hesston Corporation, through which Fiat distributes tractors in North America.

Meanwhile the purchase of Laverda, the combine manufacturer, has given Fiat 10 per cent of the combines market in Europe and 48 per cent in Italy, and an important gap in the Fiat tractor range is to be filled by the purchase of the French low orchard and vineyard tractor manufacturer, Braud, in a deal worth $9.2m.

Same says flexibility is behind much of their progress.

"We did not have much capital to invest, so we chose to cut all overheads," says Sig Favagrossa. This was done largely by investing L20bn in a flexible assembly line. The group markets three distinct families —Same, Lamborghini and Hurlimann — but all three are assembled on the same line, with 80 per cent of parts identical.

The company admits that competition forced it to bring out the three families prematurely, simply to maintain its market position.

Same Trattori's new range includes the Galaxy, Laser and Explore models, which the company *says incorporate* greater operator comfort and safety fuel savings of up to 15 per cent, better steering and the first-ever front brakes on a four-wheel drive tractor.

Judith Parsons

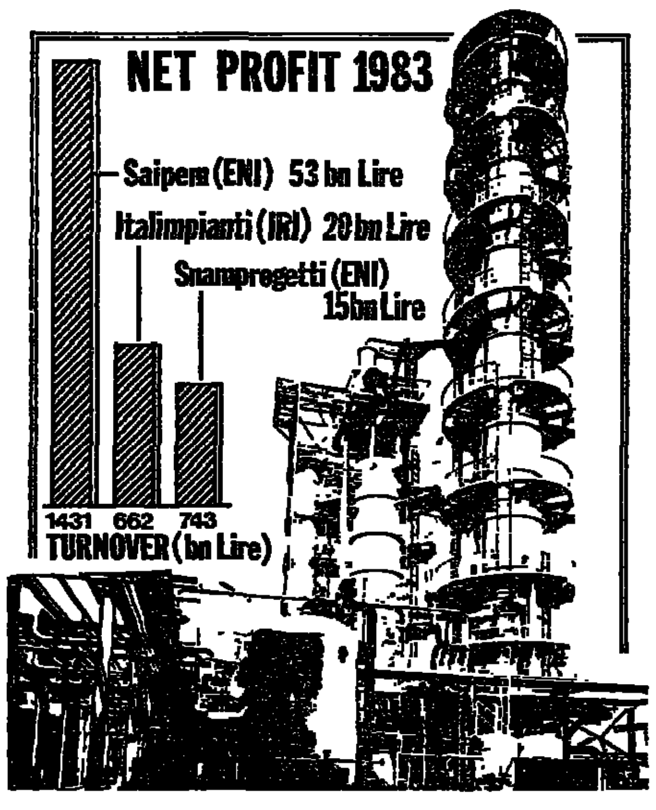
Italian Engineering 5

Versatility keeps Snamprogetti, Saipem and Italimpianti in black

Plant companies prosper despite tough conditions

ITALIAN PLANT engineering companies (several of them subsidiaries of the giant state holding groups) have managed to remain remarkably successful despite world recession and politically explosive markets.

There is no single reason why companies such as Snamprogetti, the engineering and contracting subsidiary of the ENI state energy group, succeed in doing so well. But the Snamprogetti formula, like that of its plant engineering counterpart in the IRI state holding group, Italimpianti has involved combining advanced technology with a "full package" approach to major projects.



At the same time both of these companies have been able to *diversify* enough to ensure survival and expansion.

Last year Snamprogetti almost doubled its 1982 profits—the Milan-based company recorded a L15bn net income on sales of L743bn, compared with profits of L8.5bn and sales of L732bn the year before.

With global overcapacity in the plant engineering market now estimated at more than 30 per cent and considering that Snamprogetti's traditional expertise has been in oil and *gas refinery construction,* this is no small achievement.

Dr Duilio Greppi is Snamprogetti's ebullient new president, a man who has risen through the organisation over a period of three decades. His personal strategy, which he helped Snamprogetti to shape long before becoming president *earlier* this year, has been to diversify, market complete services and search for "new types of contracts" such as those involving an equity stake for the main contractor.

"Let's face it," explains Dr Greppi, "you just don't find giant projects any more because of the state of the market."

He notes that 80 per cent of turnover comes from outside of Italy, but finds no consolation in this.

"The recession is everywhere. And I don't think the recession is going to be a factor for just one or two years. I think we are living in a new world where the types of contracts will be different."

And what type of new world is Snamprogetti thinking about?

Dr Greppi reckons the future could see smaller projects and the need to have expertise in a much wider range of contracting than the traditional oil and gas refinery business. Already Snamprogetti is involved in petro-chemicals, fertilisers, airport planning and design, textile plant construction and other non-traditional areas.

Until eight years ago the company's activities were limited to oil and related sectors.

"*If we had stayed in refineries,*" declares Dr Greppi, "we would have lost 40 to 50 per cent of our turnover."

Confidence

This is not to say that the refinery business is no longer important to Snamprogetti: it *is now completing a* waste refinery in Abu Dhabi, worth close to $750m. And one of Snamprogetti's proudest accomplishments can be seen in the UK at the edge of Pembrokeshire, in Milford Haven, where in 1982 the Italian company finished work on the £400m Texaco-Gulf Pembroke Refinery.

To illustrate the seriousness of recession, Dr Greppi points to the problems experienced by major U.S. companies, such as Bechtel, Fluor and Foster Wheeler, where turnover has dropped radically in recent years.

Even Saudi Arabia, he adds, is now asking for financing assistance on some of its contracts.

What can be done then to stay profitable? For Snamprogetti the answer has been to try and undertake projects not only on a package basis — including the engineering, materials, transport, instrumentation, mechanics and financing—but also to try to obtain a further return through investment.

"My strategy is to give the client not just a project in hand, but a profit in hand. And if I build a plant which I have confidence in, then I would like to take some equity for Snamprogetti and share in the returns," explains the Snamprogetti president.

Dr Greppi says that an equity participation in a Pakistan fertiliser plant built by Snamprogetti is now providing a 30 per cent return. "That yield is a lot better than investing our cash balances in U.S. Treasury bonds," proclaims Dr Greppi with a broad grin on his face.

Snamprogetti seems to be prospering: it has L2,000bn of orders in the book and a total net indebtedness of just L16bn. This year its net profits could be more than doubled again, to higher than L30bn. And Professor Franco Reviglio, president of Snamprogetti's ENI parent, recently said that Snamprogetti was one of the state companies he would like to see partly privatised.

Offering shares to investors on the Milan Bourse, or even to foreign investors, is very much in vogue among Italian state holding companies. It provides the loss-making state holding groups with some capital, it highlights the prestige of successful companies which are considered worthy of privatisation and it mitigates some of the stigma attached to Italian state industry.

In the engineering field, no partial privatisation has generated as much excitement as that of Saipem, the ENI-controlled pipelaying and drilling business. Saipem, which *has been profitable for each of* its 14 years of existence, is now offering a L124.5bn share issue, representing 20 per cent of the company — the largest new issue ever brought to the Milan Bourse. Next year a further 10 per cent of Saipem is likely to be sold on the New York Stock Exchange, where ENI hopes it will raise between $30m and $60m.

Saipem is a profitable company, which last year made L52.9bn of group turnover of L1,431bn. About 77 per cent of Saipem revenues come from outside of Italy.

The Milan-based Saipem is truly an Italian success story. Its activities range from the North Sea to Nigeria, from South America to Australia. It is generally regarded as one of the more advanced pipelaying and drilling companies, particularly when it comes to offshore drilling. The Saipem order book includes about L2,200bn of contracts and the company employs 12,000 people, half of them part-time contract labourers overseas.

Unwilling

Sig Enrico Gandolfi, the 69-year-old president of Saipem, has run the company since it was started. *He refuses to* admit that he is bothered by the many political risks present *in today's market.*

"Saipem does not think in terms of markets. We serve markets which are created by companies and governments," he states solemnly.

Sig Gandolfi is also unwilling to be drawn on how Saipem will make use of the proceeds of its share issue, saying only that there is "a plan" which cannot be disclosed.

But he is clearly proud of the Saipem track record, and bringing a successful Italian state company to the Milan and Wall Street markets seems as good an advertisement for Italian engineering skill as any.

The same will be true if Italimpianti, originally a steel plant specialist and now building works as different as biscuit factories, eventually comes to market as well. Italimpianti, which is part of the loss-making Finsider group, has been in the black since its foundation in 1957.

The key for Snamprogetti, Saipem, Italimpianti or any of the other major Italian engineering contractors is to combine a technological edge with sophisticated project packaging and then to operate as flexibly as possible and in as many sectors as possible. The world market is not going to become any easier and the success of the Italians is more than anything else a testimony to their willingness to adapt themselves to changing markets.

Alan Friedman

ALAN FRIEDMAN PROFILES NEGRI BOSSI

Flexibility the key to success

THE STORY of Negri Bossi, a modest-sized manufacturer of plastic injection moulding machinery, is living proof that in Italy the key to success is frequently flexibility. How else could a company be hit by recession and a drop in orders, watch a fourth of its competitors go bankrupt and not only survive but also prosper?

The answer is staff flexibility in Negri Bossi's case. The Milan-based company claims to have a 30 per cent stake of the Italian market in the machines which are used to stamp plastic moulds. Its machines are not large, but are capable of stamping products ranging from biro pens to television sets.

Founded in 1947 by Messrs Negri and Bossi, the company has been tossed about various owners since the late 1960s. Its owners have included Ingersoll Rand of the U.S. and then Leesona, a Rhode Island textiles company, and since 1980 Britain's John Brown Group, which acquired Leesona and Negri Bossi with it.

Negri Bossi is as technologically advanced as other plastic injection machinery companies in Europe. It even manufactures its own video control system, which it reckons is a major cost-saving. The complete systems are custom-made and the machines sell for around $50,000 each. On average Negri Bossi sells 400 machines a year.

But the past few years have been difficult and orders have been erratic. So just what does a company do when its volume drops by 40 per cent over a period of a few months? In Negri Bossi's case, very little.

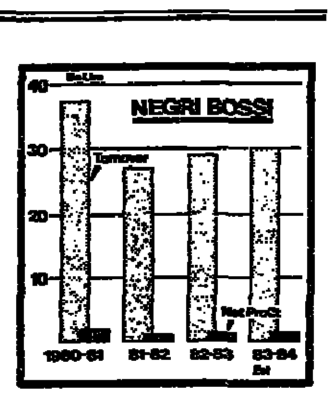
"We dealt with the crisis by reducing expenses and people," explains Dr Arrigo Manara, managing director of Negri Bossi. In 1979 the company employed a workforce of *512: by last year it was down* to 360. But when the orders are flowing in Negri Bossi has as many as 700 employees.

The secret is that 80 per cent of Negri Bossi's production costs are represented by sub-contracting the work outside the company. Although the main parts of the machines the main parts of the machines are made inside the firm, just about every component is produced to specification by subcontractors.

"It is very simple. When there is no business there is no expense," says the managing director. "We are not vertically integrated and we do not want to be vertically integrated."

Dr Manara reckons that the reason why four of the *16* plastic injection machinery firms in existence in Italy a year ago are now in receivership is simply an inability to cut costs. "They had permanent staffs and so the expenses continued even in recessionary times. I have been working for several years to get our costs outside of the company.'

As a result the Negri Bossi balance sheet has zero indebtedness and even a cash balance of L3.5bn. Much of this is used to fund production of specially ordered machinery, but it also helps by contributing interest and keeping the little company profitable.



Average payments on orders can be *at least* three *or four* months and as Dr Manara points out, the first question asked by a customer is often "how much time is there to pay?" and then later on "tell me about the product."

Dr Manara says that were it not for subcontracting labour to skilled Italian workshops he would have had a far more tricky time keeping Negri Bossi in profit. "And even better than the savings on labour, we can look at a component and if we don't like the quality then back it goes. That's worth a lot too."

Second year of declining orders abroad

Tremors in construction industry

THERE IS an atmosphere of slight panic within the Italian construction industry. In 1983, for the second year in succession, orders abroad were down. World-wide conditions in the industry were, of course, not good—but, as the magazine, ANCE, the Italian construction companies' trade association, likes to point out, British and French constructors did not do too badly in the same period.

So what is so wrong with the Italian construction industry?

This was the theme of a conference held in Rome last October, attended by, among others, the Minister of Labour, Gianni de Michelis, as well as Francesco Perri, head of ANCE, and the presidents of top construction companies such as Lodigiani, Cogefar and Impregilo.

Criticism was thrown mainly at Government institutions, particularly the much-maligned credit insurance agency, SACE, for being slow to meet the *industry's needs.*

There seems little complaint about quality of work. The technical expertise of Italian designers, civil engineers and builders is still highly valued throughout the world. And nowhere more so than in advanced areas of the industry such as dams, hydroelectric schemes and oil industry installations.

This expertise has won sizeable contracts for Italy since 1956—something of a key date in Italian construction history. As engineer Fernando Piccinini, president of ANCE's foreign works department, says: "That was the year the contract to build the Kariba Dam, in what was then Rhodesia, was awarded.

Malaise

"It signalled a turning point in Italian construction companies' presence in the market for large-scale civil engineering projects. And it proved that Italian contractors were equal to those from older industrialised countries."

It also began a trend *for Italian construction companies* which, in retrospect, may have contributed to the industry's current malaise. For Italian contractors have tended to specialise in projects in the developing world, where lately countries have found it difficult to afford large-scale civil works. In 1983 for, example, 54.3 per cent of the new contracts abroad (worth a total of L2,260bn) were in Africa.

In 1982, an even higher proportion (56.2 per cent) of contracts were in *Africa*—but then the overall total was marginally higher at L2,335bn.

This unfortunate (but in many ways unavoidable) concentration on a weak market has led to the situation where new contracts last year were worth less (at constant 1983 prices) than in any year since 1972, or, put another way, since before the oil price rise of 1973.

The industry's 1983 figure was, if anything, more depressing than it appears even at first sight. For L528bn, or a full 23 per cent of the total, was accounted for by the Italian involvement in one of the largest civil engineering projects ever —*a $1.5bn scheme to build a* dam at Yacyreta on the Parana river, between Argentina and Paraguay.

This project will be led by Impregilo, a joint venture of Impresit (itself part of the Fiat group), Girola and Lodigiani, and will include Giuseppe Torno, Recchi, Italstrade and Cogefar from Italy among the reported 32 companies involved in its implementation.

The Yacyreta contract was won against stiff competition from other foreign companies and provided a welcome boost for the Italian construction industry.

And the African projects included the three countries which, in 1982, were Italy's best customers for construction projects—within the oil-producing countries of Algeria, Libya and Nigeria.

These countries can represent difficult and chancey markets, but Italian companies have managed to gain favoured status in all three.

There has been notable success in Algeria, which in 1983 was Italy's biggest construction market among the oil-producing nations, providing L344.22bn of new contracts, or 39 per cent of those won from Opec countries.

This advance is largely tied up with the successful conclusion last year of negotiations over the sale of Algerian gas (12,400m cubic metres by 1986) to Italy through the Trans-Med pipeline.

Since then the highly specialised construction companies associated with the Italian state oil concern, ENI, have been particularly active in Algeria. Nuovo Pignone has won a $80m contract to build gas re-injection facilities at Hassi Messaoud, while Snamprogetti is to develop the Rhourd el-Nouss field at a cost of $438m.

Snamprogetti has concluded orders elsewhere, including a $380m oil pipeline in Sudan, and oil facilities in Egypt, Libya, Bahrain, Nigeria and the United Arab Emirates.

In general, though, the traditional Arab markets of the Gulf have not been as open to Italy as in recent years. In Saudi Arabia, Italian construction companies could only win L40m worth of work in 1983. In Iraq and Iran there were no new contracts for Italian construction companies.

Commercial relations with Iraq have been complicated by slowness of payments (in some cases, non-payments) to Italian construction groups which featured in the bonanza year of 1981 when the Baghdad authorities awarded them L814bn worth of contracts.

Ubiquitous

This year may see an improvement, however. A $500m export credit was negotiated at the start of the year, and Italimpianti and the ubiquitous Snamprogetti are in line for a vast $1.7bn contract to build two power stations.

Meanwhile, Italian construction *companies have hardly* been cheered by developments at home. Last year, the Labour Minister, Sig Gianni de Michelis presided over a new three-year engineering workers' contract, which will increase companies labour costs by 40 per cent by 1985 and thus make them less competitive in the Arab world and other markets now dominated by *Far Eastern* companies.

On the other hand, the recession has sharply cut into Italy's domestic construction market, where construction work fell by 4 per cent in 1982 and 3 per cent in 1983. This year, as the Italian economy begins to grow again, this decline in the construction sector is expected to be limited to just 0.3 per cent.

The lack of any significant spurt in activity is attributed to continuing high real interest rates, to stagnant property prices and to an expected freeze in rents to 75 per cent of the cost of inflation.

Add to this the local communes' lack of funds; plus uncertainty over the completion of the 1980 extraordinary housebuilding law, and you have a confused situation. There is little wonder that the Government has decided to set up a committee to examine and make recommendations on housing policy by the end of the year.

Andrew Lycett

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Looking to our friends

ALTHOUGH MINISTERS may continue to hope that with a mixture of brave words and cautious deeds they can get through the present unpleasantness with a minimum of real damage, it is simply no longer plausible to pretend that this is a little local difficulty in the pits and ports. The 3 per cent rise in interest rates which has resulted, and the demoralisation of the equity market, are a real setback to the recovery, the results of which are likely to be reflected in the figures for demand, investment and inflation for *some months hence.* They are a setback, too, for a financial strategy which depends heavily on real growth to create room for further fiscal relaxation. It is pertinent, then, to ask if the Government could not do something to protect our financial system and economy from every shift in the wind.

According to current demonology, the question may look futile. High interest rates are blamed primarily on the U.S., where outsiders have no influence at all in an election year, and secondarily on the strikes, where the Government again seems powerless to act. The markets, it is said, are simply reflecting these realities.

Disruption

Yet the strength of the dollar and the rise in U.S. rates has had almost no effect in other *major trading countries. It is* not long since France got through a series of violent labour disputes with less financial disruption than we have suffered, while in Germany a strike on a scale which has no recent precedent, followed by a potentially inflationary settlement, has been absorbed remarkably smoothly. It is true that real interest rates all over the world are uncomfortably high as a result of U.S. influences; but elsewhere, the damage has effectively been limited.

Can anything be done about U.S. rates? At present, America's trading partners appear to be living in the hope that a natural slowdown in the U.S. economy, and some serious action by he U.S. Government after the elections, will in due course relieve the pressure; but it is worth considering the possibility that these hopes are misplaced. U.S. growth continues to exceed all forecasts for quarter after quarter, while the politicians are showing less and less urgency about changing a situation which is producing such gratifying results.

The U.S. Treasury, in exploring ways to make its debt more attractive to foreign investors, is in effect seeking ways to prolong the present situation, in which U.S. growth is financed by foreign investment. This is *the strategy* of a developing economy. The long-term premise on which it is based is that prolonged growth will create enough strength to carry the burden of paying a return to foreign investors without too much difficulty. The markets seem to find this hope plausible.

Scenario

If countries such as Japan, with a strong and durable current account surplus seeking investment, are happy to play their part in this scenario, it can persist; but Europe, plagued with persistently high unemployment, and haunted by the fear of technological backwardness, may well be less happy to see its savings drained overseas in this way. That is why EEC government are quietly studying the possibility of some kind of currency ring fence to reduce the attraction of *Wall Street to European savers.*

Even if such measures prove unnecessary, as is to be hoped, European solidarity is a worthwhile end in itself. Mrs Thatcher proclaimed as much in her message to the recent European summit. Yet Britain continues to hold back from the obvious first step: active membership of the European Monetary System. This would not only be a political gesture which would do much to sweeten relations after the long Budget wrange; the experience of recent weeks suggests thre could be solid financial gains. It would both make the Government's intentions clear to the markets and increase the resources to back those intentions up. We could wait for the ideal moment for ever; the time for a positive act is now.

Self-regulation is not enough

THE CENTRAL issue in today's parliamentary debate on investor protection concerns the balance which should be struck *between the self regulation* of financial institutions and statutory control. The time has come to put extra weight on the side of the law by setting up an independent body with statutory backing and the ultimate responsibility for protecting investors' interests.

There are three reasons for this new requirement. One stems from the emergence of a new type of integrated financial service group, combining what have traditionally been separate functions under one roof. This in turn is leading to potential conflicts of interest on a much bigger scale than have been present in the past. It is doubtful whether they can be resolved in this old way simply by setting up so-called "Chinese walls" between the different departments of one company.

Fragmented

At the same time, financial markets are becoming more fragmented. Private investors have started to dabble in commodity and financial futures, and in unlisted securities which never cross the floor of the Stock Exchange. The business of investment management is no longer largely confined to a few dozen City banks and brokers.

The third big change is the result of the increasingly international character of financial markets. Self regulation works best when it applies to a small group of firms with similar interests and a major commitment to the activity which is being regulated. It becomes much less powerful if it attempts to cover diversified giants with obligations to customers and shareholders in *other markets and countries.*

Of course there is more than one way to approach all these regulatory problems. Mr Norman Tebbit, the Trade and Industry Secretary, believes that "a system primarily of self regulation can achieve what we want." His department has been favouring the idea of setting up a handful of self regulatory agencies—perhaps no more than four—which would cover such broad areas as securities trading, investment management, commodities and insurance. Firms which wanted to engage in these activities would have to register with one or more of the agencies, which would in turn be supervised by the Department of Trade.

But there are practical difficulties. *Such agencies would* have to look after a large number of firms with widely different interests. It would be very difficult to draft rules that were both tight enough to protect investors and flexible enough to encourage competition. They would have to take in existing regulatory bodies which already do a perfectly decent job, like the Stock Exchange or the Takeover Panel. And as the Chancellor said the other week: "As the institutions in the market increasingly see themselves as providers of financial services across the board, compartmentalised regulation of their separate activities makes less sense."

Moreover, there is a good case for splitting the overall supervisory role away from the Trade Department into a freestanding body, something along the lines of the Monopolies Commission. Its members would be appointed by the Trade Secretary, but would otherwise have more freedom from political constraints than would be possible within a government department. As an independent body, it would also be easier to attract competent executives and to measure its performance.

Task

Such a commission would still have to operate through self-regulatory agencies and trade associations, but they could be more numerous and less powerful than would be possible if they were to be given prime responsibility for regulation. The commission's main job would be to approve trading practices in the different markets, and it would need reserve powers to act in areas which *were not policing themselves* properly. It would also take on the Trade Department's existing role in such areas as the supervision of licensed dealers in securities, a task which would be made easier if the Prevention of Fraud (Investments) Act could be brought up to date.

The City of London has always had a healthy suspicion of statutory interference. But properly designed, and with a minimum of bureaucracy, such an organisation could increase investors' confidence in the integrity of the markets—and that would be to everyone's benefit.

Multi-national companies

Why new products are going global

Christopher Lorenz on a major shift in corporate strategy

THERE COULD hardly be a less glamorous herald of a new era in international business than a bright orange plastic can containing a liquid detergent.

Yet this mundane product from Procter & Gamble, the giant American packaged goods multinational, breaks new ground in several respects. Not only did its development team include staff from the U.S. and Japan, but it was launched almost simultaneously in both countries: last winter in the U.S. as Tide Liquid, in Japan as Bonus 2000.

In the past, in common with most other companies in its field, the products P & G has internationalised have been handled in a much more cautious fashion. Items such as its Pampers disposable nappies have been designed initially with one market in mind, usually the U.S. If, like Pampers, they have proved successful over a lengthy period, often as much as two or three years, they have been introduced abroad in a step-by-step manner, sometimes under different brand names and often with adaptations for local market conditions.

Even if its brand name varies from country to country, the new liquid detergent represents one of P&G's first steps on the road towards what is becoming known as "globalisation": the development, production and sale of products on a near-global basis.

All over the U.S., and to a growing extent in Europe, companies in all sorts of industries are trying to work the same trick: to gain the economies of scale and marketing initiative which the Japanese have so dramatically grasped over the past decade in motorcycles, cars and consumer *electronics, and which has* always been one of the secrets of success at a handful of western companies — market leaders as varied as IBM, Kodak, Coca-Cola, Levi and McDonalds.

So far, this new attempt to create "world products" (and world services) across a broad front has had mixed results. It has been highly successful in

Accelerating tempo of changes in technology

computers, electronic office equipment and other new categories where there are no existing cultural barriers to overcome. It has also brought rich rewards in some apparently more "culture-bound" markets, such as soft drinks (Schweppes).

But failures abound. In foodstuffs, Nabisco's Oreo chocolate sandwich cookies, which are phenomenally popular in the U.S., failed to appeal to European tastes when they were launched a few years ago. In cars, neither Ford's nor General Motors' attempt to go global has been successful: Ford's Escort and GM's "J-car" (known in Europe as the Vauxhall Cavalier or Opel Ascona) not only ran up against consumer resistance in the U.S., but also suffered from the difficulty of replicating locally the cost and quality levels of European components manufacture.

Yet the drive to create global products seems set to continue. Mr Geoffrey Place, P & G's vice-president of research and development, is quite clear about the reasons why.

"We've progressed from national economies to an international business arena," he argues. "Twenty years ago the introduction of a new product in Japan or Singapore wouldn't have created much of an impact, if any, in Germany, the UK or the U.S. But these days a product introduction in one part of the world is likely to be picked up, and emulated, anywhere else"—either by the same company or by its competitors.

With the launch rate of most types of new products accelerating in response to technological change, intensified competition, and other factors, P&G is not only having to design products to be global from the start, but to cut development times. As Xerox, IBM or Philips will confirm, the same pressures apply to almost the whole range of electronic products. Even Ford and GM are trying to find ways to respond to Japanese competition by shortening their new car development cycles.

"If we don't think through the concept of a new product on a global basis from the very start, we can't enter additional markets until we see the results from the country where it is first introduced," says Mr Place. Global development "almost certainly saves years."

One of the most succinct and elegant descriptions of the forces behind the growing globalisation of industries and products — and, to a lesser extent, brands—is contained in a forthcoming book called Triad Power* by Kenichi Ohmae, head of the Tokyo office of McKinsey and Co, the international management counsultancy which for several years has been preaching the global gospel. (The "triad" of the title is Japan, the European Community and the U.S).

Mr Ohmae cites four main factors:

1. The growing capital-intensity of manufacture, which—so far, at least—is favouring even larger economies of scale than in the past.

2. The accelerating tempo of technologies: the cost of R and D is soaring, new technology is diffusing through the countries of the Organisation for Economic Cooperation and Development more rapidly than in the past, and technological advantage is therefore becoming increasingly hard to gain and then sustain. As a result, many companies are having to try to start penetrating the "triad" with new products simultaneously, rather than steadily country-by-country.

It is these two sets of forces, in particular, which have prompted the now familiar and endless spate of new joint ventures, consortia and cross-supply links within the "triad," in such diverse industries and technologies as:

● Aero engines (General Electric - Rolls - Royce; Rolls - Kawasaki-Pratt, Whitney);

● Cars (in both components and assembly, linking GM with Toyota, Volkswagen with Nissan, Volvo with Renault, and just about everybody in one way or another with everyone else);

● Consumer electronics (JVC-Telefunken - Thorn; Philips - Sony; Matsushita-Kodak);

● Computers (AT & T-Olivetti; Hitachi and Hewlett-Packard; Fujitsu - Amdahl - Siemens/ICL; IBM-Matsushita; and so on).

And this is not to speak of robots, biotechnology, carbon fibres anl many more.

3—The emergence of a growing body of universal users on a bigger mass-market scale than in the past, when only the very rich could afford standardised "global products" such as diamonds, Sevres china and Yves St Laurent dresses. The new "global consumer" is to be found not only among the younger generation, in fashionable consumer goods such as Coca Cola, Pepsi, Levi's, McDonalds—and, of course, pop music. He or she is also increasingly appearing among professional users of engineering products, ranging from Caterpillar and Komatsu earthmoving equipment to Ericsson and ITT telephone exchanges. The much-vaunted power of the new communications media (mass travel, containerisation, and now satellite broadcasting) is yet another factor behind this trend.

4—The emergence of neo-protectionist pressures, which is forcing multinationals to attempt the extraordinarily tricky balancing act of becoming what Mr Ohmae calls "true insiders" within each country, while at the same time going global in product development and production.

> 'These days a product introduction in one part of the world is likely to be picked up elsewhere'

But does the trend towards globalisation necessarily mean, in the words of Professor Theodore Levitt, the great guru of American marketing, that "the world's needs and desires are becoming irrevocably homogenised," that the days of national and even multinational companies are therefore numbered, and that the future lies only with truly "global" *companies which see the world* as their home market, and which act and are structured accordingly?

Equally to the point, does it also mean that multinationals need to go global in every aspect of what McKinsey calls "the business system" (R and D; materials sourcing; component supply and manufacture; assembly; marketing; sales and after-sales-service)? Taking literally the message *of Prof.* Levitt's latest best-seller, The Marketing Imagination†, many American companies seem to be thinking of doing just that.

In most cases, they would be wrong. "You can be in a truly global business where large-scale development and production is critical, but where you still need to tailor marketing and advertising," says Mr Amir Mahini of McKinsey's New York office. He cites Canon's AE-1 camera as a good example of a standardised product "allowing plenty of room for differentiated marketing strategies."

A London-based colleague, Mr Norman Sanson, also warns against "wholesale acceptance of the Levitt view of the world, that we're all becoming *homogenised man." He advises* companies most strongly to distinguish carefully between product categories when they decide whether, how far, and how, to go global. "The great fear I have is that people will pick up today's gospel and crudely assume it to be applicable to them."

The McKinsey analysis reinforces, and is reinforced by, the influential work of Dr Michael Porter, a Harvard professor whose book Competitive Strategy‡ has had an even greater impact on American business than Prof Levitt's.

Substituting the term "value chain" for McKinsey's "business system" (everyone has a right to his proprietary jargon) Prof Porter argues that the competitive advantage to be gained from global co-ordination varies not only among industries, but within a given industry, and among stages along the vertical chain. In insurance, for example, only a few specialised segments such as marine insurance are global. In TV sets, on the other hand, the bulk of the market, consisting of portable table models, is global, while more specialist segments are not.

"Ignoring country differences can be suicidal to international companies," warns Prof. Porter. *But forgoing the opportunity* to find or create common world-wide demand for a standardised product "can be equally devastating." So international *companies "should focus more* of their attention on similarities and less on differences."

At a seminar in London late last month which was organised by BBDO, one of the international advertising agencies which has rushed to "go global," Dr Porter's Harvard colleague, Prof John Quelch, argued that global marketing did not mean providing the same product in all countries, but offering *local* adaptations around a standardised core. Global marketing might require a standardised marketing *strategy*, he agreed, but the programme for *executing* that strategy might vary from market to market.

Nor did global marketing mean "that every national marketer is vulnerable to global competition. But they will have to defend their positions carefully, unlike Harley-Davidson and Norton-Villiers-Truimph" (the U.S. and UK motorcycle makers which suffered so badly at the hands of Honda and Yamaha).

Mr Jeremy Bullmore, chairman of the UK offshoot of J. Walter Thompson, the big U.S.-owned advertising agency, shares this view: "For every company that's successful in standardising a low-cost global product, there'll be a dozen opportunities for others to satisfy local and regional opportunities."

It may sound as if these various gurus are trying to have it both ways. They are. Mr Bullmore points out that "homogenisation and individualisation are occurring together in most markets round the world." He commends the authors of In Search of Excellence§, which has outsold both the Levitt and Porter volumes, for reminding executives of how important it is to be able to manage ambiguity and paradox, and for quoting Scott Fitzgerald's dictum that "the test of a first-rate intelligence is the ability to hold two opposed ideas in mind at the same time and still retain the ability to function."

Coping with awkward ambiguities

Paradox will also have to be the watchword for future corporate structures. Mr Mahini and his colleague Mr Norman Sanson argue that more managements need to emulate IBM in finding ways to centralise and decentralise at the same time.

Yet it will be all too easy for them to throw awkward ambiguity and organisational diversity to the winds, and insist on inflexibly centralised structures. This would be the short and easy route to managerial demotivation and chaos. Large, diverse and widely-spread organisations are far too complex to be managed so simplistically.

** Triad Power by Kenichi Ohmae; to be published early in 1985 by Free Press, New York.*

† The Marketing Imagination by Theodore Levitt; Free Press ($16.75, U.S.), Collier Macmillan (£14.25, Europe).

‡ Competitive Strategy by Michael Porter, Free Press ($15.95).

§ In Search of Excellence by Thomas Peters and Robert Waterman; Harper and Row ($19.95 hardback, $8.95 paper; in UK £12.50 hardback, £6.50 paperback).

Men and Matters

Bullish Clive

Clive Thornton, late of Mirror Group Newspapers, was decidedly bullish yesterday. On Friday Mr Thornton was pictured with his plans for the Mirror Group torn apart following the acceptance by Reed International of Mr Robert Maxwell's £113.4m bid for the newspapers.

Before breakfast Mr Thornton had resigned his job, and a reputed £65,000 salary. By lunch time Sir Alex Jarratt, chairman of Reed International, was fending off questions about the size of Mr Thornton's farewell handshake. And just after tea Mr Maxwell was gloating to the assembled press that Mr Thornton's "talents" were no longer needed at MGN.

But yesterday afternoon found Mr Thornton back among the bulls. Or rather with one particular Devon bull, the three-year-old Fainington Drew, who is being groomed by Mr Thornton for great things: it has already gained an honourable reserve mention at the Royal Show.

While Mr Thornton groomed, Mrs Thornton explained that the couple had built up a 42-strong herd of Devon beef cattle over the past year. It began when an elderly neighbour in Lincolnshire died, leaving 30 Shetland ponies in need of good homes. The Thorntons took three and then naturally added a few calves to keep them company. Suddenly Mr Thornton found himself owner of a growing number of livestock. And then came Faipington.

"*The Devon breed is not that* well known," said Mrs Thornton. "Fainington hasn't done that well yet because he's competing with older bulls. But we're hoping he'll do better next year."

Were Fainington and his 42 ladies bringing in a profit? "No, not at the moment. But we think they might begin to do so next year," said Mrs Thornton.

Dry journalists

On his arrival in Wellington this week end for talks with the new Labour Prime Minister, Mr David Lange, U.S. Secretary of State Mr George Shultz nearly found himself facing another diplomatic crisis: the U.S. Embassy in Wellington had ordered the removal of all mini-bars from the James Cook Hotel for reasons of security.

This was home to the gaggle of journalists in town for Saturday's General Election and their reaction was not for delicate ears. "Some of the bloody grog was my own personal property, including eight cans of Fosters," lamented one Aussie scribe. "I wonder if they've shut down room service, too?"

Quickly the Embassy reversed its request and relations were eased. The journalists had only just recovered from another nasty shock—the discovery that in every New Zealand general election the people also vote on *the consumption of liquor.* They can choose between prohibition, nationalisation, or no change. Despite the Labour landslide this was one issue in which the electorate plumped for no change.

Hernu's hurdles

When it comes to bolstering foreign arms activities French Defence Ministers are more noted for their marketing efforts with Middle Eastern dynasties than their attachment to European collaboration. Charles Hernu, the no-nonsense defence supremo in the Socialist Government, has changed all that. He has thrust himself with tank-like stamina into forging closer European links on arms manufacture, culminating in the five nation agreement reached in Madrid last week on a feasibility study for an advanced fighter for the 1990s.

Although France remains outside Nato Hernu has brought to his job an enhanced degree of European commitment in planning and strategic matters which has sparked off opposition on all fronts.

He had to rule against the ambitions of Dassault-Breguet, which makes the Mirage fighters and which wanted a greater slice of the new fighter deal than Britain and the other partners were willing to allow. Dassault, in which the state has a controlling share, has always thought of itself as a sovereign state and Hernu has had to show who is in charge.

The Communists are also sniping at him. Following an agreement with West Germany in May on building together an anti-tank helicopter, the junior partner in the Government has complained that Hernu is frittering away France's weapon technology on foreign *link ups. They may also* worry about France's re-entering Nato.

A man who likes to keep close to the action—he spent his New Year holiday in Chad with French desert troops—Hernu has put in much spade work on the $15bn fighter deal: following three meetings with the UK Defence Secretary Michael Heseltine they are now on first name terms.

But more compromises will be needed before agreement on the aircraft's specification, including the thorny question of whether the French or the British supply the engine, is reached. Hernu's aides say he is approaching the affair in an appropriately military manner, systematically crossing off each hurdle as bringing a step nearer the end of the campaign.

Charity chat

Independent local radio may be the poor relation of commercial broadcasting in terms of audience and revenue but in at least one area it can show the ITV barons a clear pair of heels—in raising money for charity.

In the last financial year the ILR companies raised more than £2m for local charities, an *increase of £300,000 on the previous year.* Indeed some companies gave more to charity than they did to their shareholders.

"Independent local radio can justifiably claim to have pioneered a new and exciting form of broadcast fund raising," says John Whitney, director general of the IBA. He knows the techniques from his time as boss of London's Capital Radio which last year raised £225,000 in its Help a London Child Appeal.

But first prize in the charity stakes must go to Manchester's Picaddilly Radio, which brought in over £1m from a charity marathon. It managed an additional £8,400 from a "Sing a Song for Christmas" campaign.

The IBA believes that, apart from the money, fund raising can also be popular listening: research suggested that it was the best liked aspect of both Piccadilly and nearby Radio City in Liverpool. Perhaps that will convince the meaner, but richer, ITV companies to do their bit.

Miners dream of home

Judging by his week end remarks attacking the miners I doubt if we can expect a repeat performance of the comradely gestures made by SDP leader Dr David Owen during the 1972 pit strike.

Then, according to the autobiography of Lord Gormley, the former miners president, Dr Owen and his wife had four rank-and-rile miners staying in their London home throughout the dispute. Dr Owen later told him: "I've never met four better mannered lads in my life." The lads returned the compliment by sending the Owens presents each Christmas.

Observer

FOREIGN AFFAIRS

Hong Kong's hall of mirrors

By Ian Davidson

EXACTLY two years ago, the government of China laid down the broad lines of its policy towards Hong Kong after the lease runs out in 1997; it would become a special administrative region of China, but it would be allowed to keep its capitalist economic system, its way of life and its cultural freedom, under the *overall* political sovereignty of Peking.

Today, negotiations in Peking between Britain and China over the transfer of sovereignty are moving inexorably towards a settlement—or a crisis. Eighteen rounds of talks have been held between officials, and Sir Geoffrey Howe, the British Foreign Secretary, is expected to visit Peking later this month to review progress, and to give an extra push to the drafting of documents in advance of the September deadline laid down by the Chinese.

Meanwhile, the atmosphere in the colony is obviously very jumpy over the way people think the negotiation is going, or the way they fear it will end. The stock market and the Hong Kong dollar have both taken a battering, and Mr Richard Luce of the Foreign Office has just made a flying visit to Hong Kong to restore confidence. Precisely what he could have said that might be expected to achieve this desirable end, while the negotiation is still in progress, is a little unclear, but that is by the by.

The negotiating process got off to a bad start in the autumn of 1982 with Mrs Thatcher's visit to Peking and Hong Kong, and with her gratuitous references to the sanctity of treaties and to Britain's responsibility for Hong Kong. Since the People's Republic has never accepted the validity of what it sees as "unequal" treaties, and since Britain has only retained Hong Kong through the tolerance of Peking, this was not the best way to begin.

Since then, there has been a learning process. The British Government has accepted not merely that it will lose sovereignty in 1997, but also that it will cease to play any administrative role in the territory after that date. For its part, the Chinese government has multiplied its public assurances that it wants to maintain the prosperity and the stability of Hong Kong after the handover date. Its general expressions of goodwill were expanded a year ago in a published ten-point plan which promised local government by Hong Kong people, under Hong Kong laws, with an unchanged way of life, with freedom of speech, assembly and movement in and out of the territory, the maintenance of Hong Kong as a capitalist and international financial centre, and the retention of considerable autonomy over foreign and economic relations.

The trouble is that these general promises are just general *promises*. Perhaps they are sincerely meant by the current regime in Peking under the leadership of Deng Xiaoping. There are certainly *objective reasons why they* should be sincerely meant: Hong Kong's prosperity provides China with a substantial proportion of its foreign ex*change* earnings, though the proportion is not as substantial as it once was; and Peking's chances of doing a deal for the eventual recovery of Taiwan will be nil if the recovery of Hong Kong takes place in conditions of tension and turmoil.

But Deng Xiaoping is an old man, and there can be no guarantee that his policies of economic liberalisation inside China will remain the policies of the Peking government of 1998. Sovereignty is indivisible, and cannot be bargained away. Mrs Thatcher has never guaranteed that Britain will remain a mixed economy and a *parliamentary democracy in* 1998; she has no power to make such a promise.

It is obvious, therefore, that for reasons of pride as well as for reasons of realism, the Chinese Government should want, in the negotiation with Britain, to minimise specific commitments over the running of Hong Kong after 1997. It is equally obvious, on the other hand, that the British Government would believe that confidence in Hong Kong can only be maintained if the agreement with China contains rather a lot of specific commitments; at least enough to lend credibility *to the idea* that the agreement gives reasonable assurance of autonomy, continuity and stability for a significant period after 1997.

Now the British Government has been extremely discreet about the details of its negotiating position, and the difficulties it is meeting from the Chinese side; it would appear that there are unresolved differences on the general principles which should govern several issues, unresolved differences over language, for other issues, and unresolved differences over the general structure of the agreement.

It is self-evident that any agreement which appears to guarantee Hong Kong's economic system must include some commitments both on the legal system and on the mechanisms for maintaining a separate, convertible currency which is independent on the Chinese Yuan.

On a slightly different timescale, it is also self-evident that *there must be a fairly explicit* understanding on the property market. The chief reason the 1997 expiry date came to a head in 1982 was the predominance of 15-year mortgages; if the Hong Kong government is to continue to use the release of "Crown" land as one way of helping to finance the budget deficit right up to 1997, it needs some specific assurances on how property rights will be treated after that date.

On the other hand, it is obviously undesirable from *every point of view that* commitments in a Sino-British agreement should be set in concrete; circumstances may change in quite unforeseen ways, and call for unplanned responses. Flexibility must be the watchword for the political arrangements in the territory, for example.

What makes the negotiation so peculiarly difficult, and so peculiarly fascinating to the professionals involved in it, is that it is aimed at the reconciliation of wholly irreconcilable principles, and it takes place in a Hall of Mirrors of entirely dif*ferent time-frames. Britain's* objective is to secure guarantees and safeguards lasting the equivalent of at least six British parliaments; China's to recover acknowledgement of absolute sovereignty. Britain's only *real* interest is to ensure that prosperity and stability are maintained until the moment of hand-over in June 1997—after that, it becomes somebody else's problem; but it cannot expect the maintenance of prosperity and stability until 1997 *unless* the people of Hong Kong continue to believe, throughout the intervening 13 years, that prosperity and stability will continue well after 1997.

For legalistic and "face" reasons, the Chinese want an agreement on the transfer of sovereignty which would be approved by the British parliament; the foreign devils must kowtow to the Middle Kingdom. But the only important judges of an agreement will be the people of Hong Kong. If they think it is not going to work out, capital and people will move out, and the prosperity and stability of the place will be undermined well before the 1997 expiry date.

To judge from the sagging of the financial indicators and the publicised lobbying in Lon*don and Peking of the unofficial* (i.e., appointed) members of the executive and legislative councils, the people with their hands on the levers of economic power in Hong Kong do not think that the British are doing well enough in the negotiation.

Perhaps the British are *not* doing well enough to achieve the unachievable in Hong Kong's hall of mirrors. But it is no good arguing, as Hong Kong's influential weekly, the Far Eastern Economic Review, did recently in an open letter to Sir Geoffrey Howe, that he must stiffen his spine, dig his heels in, negotiate harder and, if necessary, simply walk out of the negotiation. This is in fact quite close to the British Government's own position, that a bad agreement is worse than no agreement, and that it is touch and go whether a settlement can be achieved. But everyone knows this is the merest bluff, without a fall-back position; the collapse of negotiations is bound to lead to a complete collapse of confi*dence, which Britain would have* no persuasive means of restoring. Almost any assurances on the future must be better than none.

Negotiations always pivot on four factors: force, law, interest, and persuasion. China can take back Hong Kong any day it wants; there can be no contest. If Britain believes the treaty for the New Territories is valid, it expires in 1997; there can be no contest. Britain has an enormous interest in maintaining prosperity and stability until 1997; China has an enormous interest in recovering sovereignty, but a less quantifiable interest in maintaining the present economic and social system; an unequal contest. Persuasion must be a fragile instrument in dealing with a Communist regime whose experiments in economic liberalism are still only half-formed, and which has shown no evidence of interest in political democratic pluralism.

The heart of any satisfactory settlement will be the relationship of China to Hong Kong during the next 13 years: confidence as to what happens after 1997 can only be sustained if the Chinese political machine learns a lot about, and endorses, the mechanisms which have made Hong Kong so prosperous. Hong Kong opinion leaders are clearly alarmed by Chinese suggestions that there should be a a permanent joint "commission" to oversee the administration of the colony; on the other hand, it is obviously vital that the maximum number of administrators in Peking and Canton should acquire the maximum education in what really keeps the wheels whirring in Hong Kong, and what not to do if the wheels are to keep whirring. The negotiation *now coming* to a climax—or a crisis—will be worth nothing unless it sets up a very close co-operatve relationship between London, Hong *Kong and Peking for the rest* of this century.

"We know what we want," says a British official; "but we won't know until later whether we should have wanted it."

But in the Hall of Mirrors, "later" is already here: 1997 is now. Britain can no longer maintain confidence; only the Chinese can do that, and they may not know how.

Lombard

Bring back the Bank Rate or . . .

By Samuel Brittan

ONE NOT so minor aspect of the 2½ per cent rise in UK base lending rates is the deficiencies it reveals in the machinery of monetary control.

Like nearly all foreign and most domestic observers, I originally believed interest rates had been raised to halt the *slide* in sterling, which had been recently affecting the trade weighted average as well as the sterling-dollar rate.

Such a decision would have *been highly dubious. There are* many forces at work which could offset the normal inflationary effects of sterling depreciation. Commodity prices have *been weak in both SDR and in* dollar terms. Even in sterling they have not risen. Other indicators such as the fall in gold suggest weakness in world prices which would offset sterling depreciation.

On the other hand the higher mortgage rate will add nearly 0.8 per cent to the measured UK inflation rate *at the beginning* of the wage round. Higher interest rates are bound to have at least a marginally depressing effect on investment and activity, when *there is little* evidence of domestic overheating, or even excessive monetary expansion on a non-hysterical interpretation of the data.

Of course a *decision* to take more of the strain on sterling than on interest rates would have required strong nerves and a non-wishful idea of how *far down sterling might be* allowed to go. But my main purpose is not to argue for or against permitting depreciation but to point out that the Treasury and Bank do not seem to have had reasonable freedom of action. The rise in interest rates seems to have been determined by bankers and other operators in the interbank market leaving the Bank of England to waddle behind like a mother duck and ratify what they had done.

Present monetary control methods were introduced in 1981 after an abortive campaign, involving the Prime Minister, for monetary base control — that is for control of the money supply by influencing the reserves of the banks. The Bank of England successfully fought off this campaign and offered a sop to the supposed ideological propensities of ministers by dropping Minimum Lending Rate (a fancy name for the old Bank Rate) and by making known its views on interest rates mainly by operating at the very short end of the money market.

This was supposed to "give more scope to market forces." These last words were accompanied by a wink, but the wink was wiped off the Bank's face last week, when it was overwhelmed by market forces.

There is another way of seeing what is wrong. The Chancellor wants to slow inflation by regulating nominal demand. This in turn is supposed to be *governed mainly by the money* supply; the money supply in its turn is supposed to be regulated by interest rate policy. But if one asks how interest rates are determined one sinks into confusion.

The best reform as I suggested in a Lombard article on June 4, would be for the *Bank of England to control the* money supply more directly, by a *discretionary* control of monetary base. Then interest rates really could be left to market *forces*, and there would be something meaningful at the base of the policy pyramid.

The second best — and probably all that could be done quickly — would be to go back to a Bank Rate system under which the Bank resumes responsibility for setting three month interest rates. Of course, there *would still be money market* pressures under a Bank Rate system; and even under the present system there could be heroic technical means for trying to keep interest rates down. I do not need to be told that there are always some people in the official machine more sensitive to sterling than anything else and who are ready to jump at technical excuses for giving it priority.

But having admitted this, the Bank would still have a greater raneg of options under Bank rates, than at present. It cannot be desirable that Germany should be able to take the strain from the dollar on the exchange rate while Britain cannot. The British Government should not be bounced into interest rate rises greater than its own judgment suggests because of arcane or inadequate systems of monetary control.

Letters to the Editor

Heathrow's rate of return

From the Chairman, Steering Committee, British Airports Users Action Group.

Sir, — Fifteen international airlines have argued in a memorandum to the House of Commons transport committee that a privatised British Airports Authority would need to be regulated. The letter from BAA (July 3) tries to divert attention from this and from Heathrow's excessive rate of return, which is nearly three times greater than the average for UK industrial and commercial companies. The return is exacted from the airlines and their customers, regardless of Heathrow being a low-risk monopoly business.

BAA's first argument is that its profit from commercial activities owes nothing to the airlines. Were it not for the airlines, however, nobody would go to Heathrow and spend money on duty-frees, meals or car parking. Both BAA and the airlines have accepted for many years that BAA's commercial and traffic activities are joint products whose revenues should be paid into the same till.

BAA's next attempt to divert attention from its high profits is to say that charges are now lower in real terms than they were in 1980, having been pegged for 3 years. While this is true, the more significant point is that charges are still far too high. Charges facing some airlines were raised by over 100 per cent in 1980 and BAA has been collecting these excessive charges for 4 years. No low-risk competitive business in Britain could hope to earn a real pre-tax rate of return of 11.8 per cent.

BAA says the same pattern of flights will attract the same level of charges whichever airline is concerned, but the impact on individual airlines is not proportional to usage or the cost of providing the facilities.

The statement from BAA that consultative machinery already exists is correct, but the privatisation and regulation of BAA have never been discussed in it.

BAA attempts to win praise for its provision of facilities by referring to the fourth terminal now being built at Heathrow and the new north terminal at Gatwick. It fails to mention its refusal to contemplate providing further facilities wanted by the airlines—notably a fifth Heathrow terminal. BAA instead proposes development at Stanstead, which the airlines and their customers do not want.

This is hardly the way to generate the "spirit conducive to goodwill" which BAA wants. Instead of these diversionary tactics, BAA should do its best to accept with good grace that it should be regulated if it is privatised.

C. Lakeman.
Govert Flienk Laan 27,
Amstelveen, The Netherlands.

An eye for the market

From the President, Association of Dispensing Opticians

Sir,—Sue Cameron's article (June 26) on a USA company desperately wanting to get into the United Kingdom market to sell so-called "ready-made reading *magnifiers*" (*it estimates* a £50m market) has slotted a fairly large piece of jigsaw puzzle into the mystery surrounding the promoters and commercial motives behind the continual and almost neurotic campaign to change British law to allow these correcting spectacles to be supplied over the counter without any controls.

The company, Magnivision, is trying to persuade Peers to introduce changes in the Health and Social Security Bill as it goes through the final report stage in the House of Lords. It has even gone to the expense of sending well over £1,000 worth of spectacles to Peers. "We could be aiming at the over 45 age group to sell 4m pairs," says the managing director. These commercial motives *have got nothing to do* with freedom of prices, competition or social and public interest. While these motives should not be criticised in debating the subject, *we should* not be naive or fooled.

May I take this opportunity to clear up a confusion. Spectacles used for reading purposes are not "magnifiers". The magnification obtained is virtually nil as this can only be achieved by a lens system (for example binoculars or telescopes) held close to the eye or by hand magnifiers held away from the eye. Spectacles, even ready-mades, *alter* the light entering the eye and therefore the sight of that eye. When that sight is corrected properly for clear vision, if magnification is required, then one *has to resort* to other methods such as a hand magnifier.

As the Government has recognised in the *control* within the Health and Social Security Bill, the uncontrolled supply of ready-made spectacles would give rise to serious risks of people being temporarily misled into believing that they could see with these spectacles, when the cause of their visual problems could be due to pathological reasons, such as glaucoma and other eye conditions. Also, of course, ready-made spectacles cannot cater for differences between right and left eyes (very few people see equally clearly with each eye), as is the case with astigmatism and so on.

When the National Health Service changes under the Bill in relation to the provision of NHS spectacles have been implemented next year, we will see a significant reduction in the price of private spectacles, and particularly basic, but correctly prescribed readers.

John Baker.
22, Nottingham Place, W1.

Wakefield forever

From Councillor J. Gunnell.

Sir,—I was interested to read in the article by Hazel Duffy entitled "The row that refuses to die" (July 5) that although London has had two-tier local government for nearly 100 years, the other conurbations facing the threat of abolition have only had similar structures for the last 10 years.

This of course is not entirely true. In West Yorkshire, for instance, the greater part of the present county has been *subject to two-tier local government* for almost 100 years. The old West Riding County Council provided services in nearly 80 per cent of the present West Yorkshire. Moreover, County Hall, Wakefield, has been the home of an upper-tier authority in a two-tier system ever since it was built in 1897 after the great local government reforms of 1888.

Long may County Hall, Wakefield, continue to be used for an upper-tier role.

(Councillor) John Gunnell,
County Hall, Wakefield.

Metering the water

From the Finance Director, Anglian Water

Sir,—Mr Newman (July 12) seems to be implying universal metering arguing for a "straightforward standing charge devoid *of installation and reading* costs." If that is the case, who is to pay these costs?

Water in this country is cheap; the cost of measuring it and charging for it according to volume is comparatively very high. Universal metering is simply uneconomic. Most households would end up paying more if their supplies were metered—installation and reading costs simply cannot be ignored.

He also suggests that there should be a rebate on standing charges where usage is low. Standing charges are levied to *recover the fixed costs of making* the service available. These costs stay fixed regardless of the volume actually supplied and so should standing charges. *The volume charge fully* reflects the variable costs.

Garden watering is very expensive. Supply systems have to be geared up to meet peak demands. Peak demands are usually created by garden watering. The ability to meet these short term peaks results in very considerable costs.

Metering is a partial answer. All our customers can have a meter at their own expense. Those *customers with meters do not* need a separate sprinkler licence. But it would be uneconomic to install meters in every property where garden watering occurs.

We have customer consultative committees in Anglian and they too are interested in metering. I suspect that their interest may well decline when they fully understand the costs involved.

Alan Smith,
Ambury Road,
Huntingdon, Cambs.

European Ferries concession

From Mr J. Sawtell

Sir,—The intention of European Ferries to exchange equity rights for concessions appears to have run into shoaly waters.

Might not a simpler solution be to exchange all holdings between the present and *future* number qualifying for entitlement, one for one, with new shares. These C—for concession—shares, a maximum of 300 to each holder, would rank pari passu with the remaining equity except that they and they only would carry the concession. Individual and Institutions to whom bonus was of no value might opt to recover into ordinary equity on preferential terms. Such a restricted issue however would attain its own value and could prove itself an attractive investment.

A proposal on these lines would seem more equitable than the company's present attempt to change the rules in mid-Channel.

John C. Sawtell
Hope Cottage,
Station Road,
Holt,
Near Trowbridge,
Wiltsire.

FINANCIAL TIMES
Monday July 16 1984

Terry Byland on Wall Street

Cut-price malady for drugs

PHARMACEUTICAL stocks had a hard week on Wall Street. A sudden rash of nervousness over price-cutting in some of the chief money-earning prescription drugs battered *the stock prices of Merck, Upjohn* and American Home Products and sent a shiver running through the rest of the sector.

The shock was all the greater since the drug companies are already in the front line of one of the stock market's latest worries: the effects of a renewed upsurge in the dollar on profits of export-oriented corporations.

Fears of price-cutting originated in two important stocks: Merck and Upjohn. The drop of nearly 6 per cent in the Merck stock price at mid-week played a role in the weakness of the rest of the market – Merck represents the pharmaceuticals in the Dow Jones industrial average, as well as pace-making the other drug stocks.

The upset, which took about $6 off the Merck stock price, was caused by a sudden review by Wall Street of prospects for the group's earnings after September when patent protection expires on Aldomet, its widely used drug for high blood pressure.

Aldomet is Merck's number one ethical pharmaceutical product, with a strong growth record. Sales growth has been expected to slow this year, but at around $270m, Aldomet will still bring in about a fifth of Merck's U.S. pharmaceutical sales, with a further $190m sold on the international markets. Merck's total sales reached $3.3bn last year.

But some of the more recent growth in sales of Aldomet represents price, rather than volume, increases, so the termination of the patent protection might hit hard at the earnings level.

Stock	Price ($)	P/E
Merck	84⅞	14
Upjohn	53¼	9
Pfizer	30⅝	11

Merck's setback was only one of the weak spots in the sector. The first signs of strain came from Upjohn, which crumpled as analysts began to compute the implications of the company's decision to cut by up to 35 per cent the price of Motrin, Upjohn's anti-arthritis drug.

Motrin is Upjohn's principal earnings source, providing about 40 per cent of last year's total of $160.2m. Although the Motrin patent was due for expiry in May, Wall street has been slow to scent danger. Partly that was because Upjohn has a sound reputation as a low-cost producer, with strong customer loyalty.

Last week, however, those crumbs of comfort turned suddenly stale, and Upjohn's stock collapsed by nearly 14 per cent. The problem is that Ibufren-based drugs, of which Motrin is one, have since May been sold over the counter in the U.S. Moreover, Upjohn has run into serious competition much sooner than expected, largely from Boots of the UK, which is selling Rufen, also a prescription drug and much cheaper than Motrin.

Upjohn has been forced to cut its Motrin prices and profits sooner than Wall Street would have liked. The group has other products in the field, notably Nuprin, which is also an Ibuprofen, but sold by Bristol-Myers under licence from Upjohn.

Unfortunately, there is another side to the drug company saga which also gives cause for concern to investors. The damage to the drug stocks, which now show substantial falls from their 1984 peaks, has been intensified in the past fortnight by the fresh gain in the dollar.

All the leading drug groups are big players in foreign markets and the dollar strength has harmed their pricing structure as well as their capacity to repatriate profits. Pfizer, with half its sales booked outside the U.S., has proved particularly vulnerable and its stock is now around 30 per cent off its 12-month peak.

The question must be just what a further gain in the dollar might do to Upjohn, which takes more than a third of its sales from overseas, with the stock price already 27 per cent off its peak. Similarly exposed to the dollar is Merck, which is only 20 per cent off its peak, reflecting Wall Street's view of the stock as a "premium" pharmaceutical counter.

Even after last week's fallout, pharmaceuticals are selling at earnings multiples well up to other leading industrial issues. It might be questioned whether this does justice to the dangers imposed by the current trend of the U.S. currency. Upjohn sells at nine times earnings, against say, General Motors at only five times. The Upjohn stock price may be reflecting the Motrin pricing problem but not yet fully discounting the dollar.

NEW ZEALAND'S ELECTORATE PUTS A NEW MAN IN POWER

Now Lange must show his cards

BY MICHAEL THOMPSON-NOEL IN WELLINGTON

AFTER the rhetoric, the reckoning. Following Saturday's general election in New Zealand, the man with all the problems is not the vanquished Sir Robert Muldoon, whose National Party Government was dismissed by an electorate which finally wearied of Sir Robert's bullying.

The man who must now wrestle with the challenge of making the economy less of an "international laughing stock" (his description), is Mr David Lange (pronounced Longee), leader of the New Zealand Labour Party.

Throughout the campaign Mr Lange played a hand that was strong on rhetoric but weak in concrete proposals for restoring the once-prosperous economy to a surer footing. He won the bidding easily. Now he must reveal his cards.

His background is Methodist: he is still a lay preacher. His father was a surgeon who chose to work as a general practitioner in Otahuhu.

Before entering Parliament Mr Lange was a lawyer. Because he acted for the poor his earnings were put at NZ$7,000 ($4,330), against the NZ$70,000 he could have been earning.

Within the Labour Party he rose from nobody to Leader of the Opposition in less than six years, partly because of the decimation in Labour's middle order caused by the Muldoon juggernaut of 1975.

He says candidly: "There are lots of reasons why I am where I am, but one of the most compelling reasons is that I was there," he says candidly.

Another reason for his rise to prominence was his size, bulk and weight. It got him noticed, though he says jokes about his former fatness were "about as annoying as it must be for a woman to get a dumb blonde tag."

After stomach surgery Mr Lange shed a great many kilos. Though slimmer physically, there was nothing lightweight about the broadside he fired against the Muldoon Government during the campaign.

He criticised the "stagnation of the past, the lack of effort and the failure," saying New Zealanders were "tired of provocation from the top as a substitute for leadership."

His special targets: slow growth – putting New Zealand 23rd of the 24 OECD countries – unemployment, "huge" budget deficits, "staggering levels of overseas borrowing" – which be puts at a minimum of NZ$17bn – and declining social, health and educational services.

"We are a country which should have left the rest of the world behind," said Mr Lange. "Instead, the politics of confrontation have dragged us to the bottom."

The Labour leader says his plan for economic recovery is based on "reconciliation and reform" – mirroring the consensual politics of the Hawke Labor Government in Australia, which will act as a role model, and possible tutor, to the Lange Administration.

During the campaign Mr Lange said before Labour saw the books "it would be irresponsible to make specific commitments ... The information will be disclosed to the public as soon as possible after the election."

He has promised a national conference to devise a broad New Zealand accord and says economic policy will be based on consistency and emphasise the medium-term.

He adds that Labour will work directly with the private sector, give priority to small business, spur development of new technology, revitalise the "stagnant" farming industry and boost tourism.

A new system for determining prices and incomes is promised, allowing for collective bargaining, but within guidelines, and Mr Lange says he will authorise the Reserve Bank of New Zealand to conduct "effective open-market operations" in financial securities in pursuit of consistent monetary and credit policies.

The existing web of financial regulations will be reviewed and government borrowing requirements lowered.

Mr Lange promises New Zealanders a breath of fresh air. He is a lover of the outdoors (New Zealand is mostly outdoors). One observer said: "Lange would still rather set his face into a southerly storm at Owhiro Bay or a rugged sea at Hokianga Heads than visit Auckland Art Gallery."

In private conversation some of Mr Lange's sentences spiral aimlessly aloft, though politically his oratory is considered one of his strong suits. He says he has "driven people to the point where I've seen tears coming to their eyes, by flicking to them, wafting in front of them, verbally and by body language, expressions of things from the past which move them."

Chinese drive to make home ownership dream come true

BY MARK BAKER IN PEKING

A HOME of your own is now the great Chinese dream. For the first time since the early 1950s, the Government is actively promoting private home ownership.

Tens of thousands of Chinese families have bought their own flats and houses over the past two years and demand is far outstripping supply.

After experimenting with capitalist-style property development in several cities, the Government now appears to have decided to shift the emphasis of its housing programme from public rental to private freehold.

The policy shift was recently endorsed by the most senior Chinese leader, Mr Deng Xiaoping.

He told People's Daily, the party newspaper, that encouraging people to buy and sell their homes would make the construction industry more profitable and stimulate the residential building industry.

Mr Deng even advocated putting up the rents on Government-owned accommodation to encourage the change. "If house rents are too low, people will not buy houses," he observed.

China's population has increased by about 500m over the past 30 years and housing has become one of the Government's greatest problems. The main solution, until recently, has been for municipal authorities, state enterprises and factories, to build high-density blocks of flats which are distributed at nominal rentals.

Between 1979 and last year, the Government spent $30bn on public housing construction, but overcrowding of existing accommodation remains chronic and there are still waiting lists for new housing.

Since late 1982, four provincial cities have been selling thousands of private flats, as an experiment by the central Government in cutting *the high cost and inefficiency of* public housing construction.

Standard 50-square-metre flats have been sold for about $4,500 – around a third of the construction cost but equivalent to about 10 years' pay for an average skilled worker.

Buyers can pay in instalments over five to 20 years. If they pay cash, the prices are discounted by between 20 and 30 per cent. About one in 10 buyers have used bank finance.

The flats become the personal property of the buyers and may be inherited by relatives. They may be resold if the owner has paid the full cost of construction to the authority or work unit that subsidised the original sale.

The authorities in the four cities have had thousands more applicants to buy flats than they could supply. About 80 per cent of the buyers have been ordinary factory and office workers, and two thirds of buyers paid cash for their new homes.

The experiment has been praised by various senior leaders and the property sales market has spread to about 50 other cities, including Peking and Shanghai.

A report by the official news agency, Xinhua, from Sichuan – the most populous province – referred to "flat fever" in the capital, Chengdu, when the first flats were put up for sale earlier this year.

It said the authorities planned originally to sell about 200 flats this year but had now lifted the target to more than 1,000 after a rush of demand for the "hottest commodities in Chengdu."

The latest issue of the official weekly magazine, Peking Review, carries an editorial indicating that the central Government is likely to spread the practice of housing sales throughout the country.

The editorial attacks the old custom of distributed public housing, saying the practice "violates economic laws" – a harsh label for something that was, until recently, conventional communist economic wisdom.

"Funds used to build residential quarters, as investment for construction, should be recoupable. Only this way can new construction projects be undertaken smoothly," it says.

"The system of subsidised sales of houses is in keeping with the present economic level of the people and the socialist principle of distribution. It represents the direction of the reform of China's urban housing system."

UK widens choice of options

By David Lascelles in London

CURRENCY options, one of the latest of the new wave of financial instruments, will get a boost with the launch in London today of a formalised trading system, based on a broker.

From today, Butler Treasury Services, a division of Mills and Allen, the money brokers, will put up prices on the Reuters and Telerate screens and provide a focus for the budding, but still scattered, market.

The step is the outcome of a private meeting at Hambros two weeks ago when several banks decided to try to standardise dealings in currency options.

"This will improve liquidity in the markets," said Mr Peter Scott, joint managing director of Butlers. "We are only at the acorn stage, but the potential is very great."

Currency options, which are already traded in Chicago, Philadelphia and Amsterdam, are a hedging and a speculative device for dealers in the foreign exchange markets. They convey – for a price called a premium – the right to buy or sell a given amount of a certain currency at an agreed rate by a certain date.

The attraction is that holders of options can exercise them if the market moves in their favour, but simply allow them to expire if it does not. The only cost is the premium, which is seldom more than a per cent or two of the sum involved.

Banks in London have been writing options for their commercial customers and other banks on a one-off basis for some months.

With the new system, they will be able to post their prices anonymously on Butler's screens and reach a larger market. According to Mr Scott, some 20 banks will be involved to start with, although he expects the list to grow quickly.

The main ones, he says, are Citibank, which already commands the largest market share, Bank of America, Barclays, Fidelity, Hambros, Hill Samuel, Lloyds, NatWest, Orion Royal, and Standard and Chartered.

The brokered market, already dubbed Licom (London Interbank Currency Options Market) will be exclusively for banks. Companies wanting to buy options will still do it directly with their banks or on the traded options exchanges abroad. Bankers say that the growth of the London market has come largely from companies pressing their banks to write options for them.

Mr John Mathias, vice-president of Citibank's treasury marketing division, says his bank has been writing options in London for about six months, but the market is still primitive.

U.S. bank profits hit by Latin America

BY PAUL TAYLOR IN NEW YORK

MANUFACTURERS Hanover Trust, the fourth largest banking group in the U.S. and the most heavily exposed to Argentina, has reported an 8.5 per cent drop in second-quarter earnings, reflecting the adoption of a more conservative approach to accounting for its $1.3bn in loans to the Latin American nation.

As a result, the bank which had given a warning that its decision might reduce earnings by up to $25m, said $639m of its outstanding, Argentine loans were classified as non-accruing at the end of the quarter, reducing earnings by $21.4m after taxes. The bank said the earnings reduction would have been higher but for interest payments on about $96m of mainly private Argentine loans.

The New York City-based banking group reported second-quarter net earnings of $73.3m or $1.41 a share, compared with $80.5m, or $2 a share, in the corresponding period last year. The bank noted that its results also reflected a "significant addition to primary capital, including a major increase in the reserve for loan losses."

For the first half, Manufacturers Hanover reported net earnings of $157.7m or $3.28 a share, compared with $162.6m or $4.04 in the corresponding period last year.

The group said its provision for loan losses in the latest quarter was $80.5m, compared with $42.1m in the corresponding period last year, $143.1m for the first half and $96.2m in the corresponding period last year. As a result its reserve for possible loan-losses was increased to $542.4m, from 449.9m at the end of March and $374.8m a year ago.

Hopes rise for peace in UK docks dispute

Continued from Page 1

the National Union of Mineworkers (NUM), yesterday gave his support to the dockers. He said he would meet the TGWU today.

"I believe it is imperative that both these unions understand that both our fights are interconnected and interlinked, fighting the same kind of government policy," he said. "That is what we all should understand as we go towards the ultimate victory."

Talks between the NUM and the *National Coal Board* are to resume on Wednesday, but unless the board abandons its pit closure programme it seems that there will be no settlement. Cabinet ministers appear to accept that the talks will fail and are now hoping that a drift back to work by miners in the late summer will cause the strike to collapse.

World Weather

		°C	°F			°C	°F			°C	°F			°C	°F
Ajaccio	S	26	79	Dubrovnik	S	28	82	Malaga	–	—	—	Salzburg	C	17	63
Akrotiri	S	30	86	Faro	S	26	79	Malta	S	23	73	Seoul	S	32	90
Algiers	S	28	82	Florence	F	33	91	Manila	S	34	93	Singapore	F	31	88
Amsterdam	R	14	57	Frankfurt	F	21	70	Miami	C	31	88	Stockholm	F	21	70
Athens	S	31	88	Funchal	S	22	72	Milan	F	28	82	Strasbourg	R	19	66
Bahrain	–	—	—	Geneva	S	20	68	Moscow	F	21	70	Sydney	F	14	57
Bangkok	–	—	—	Gibraltar	S	24	75	Munich	R	17	63	Taipei	S	33	91
Barcelona	–	—	—	Guernsey	C	16	61	Nairobi	C	21	70	Tangier	–	—	—
Beirut	–	—	—	Helsinki	F	19	66	Naples	S	28	82	Tehran	–	—	—
Belgrade	S	31	88	H. Kong	F	30	86	New Delhi	S	33	91	Tel Aviv	S	29	84
Berlin	R	16	61	Innsbruck	C	17	63	New York	S	33	91	Tenerife	S	27	81
Biarritz	C	19	66	Inverness	C	15	59	Nice	S	25	77	Tokyo	C	28	82
Blackpool	F	16	61	Istanbul	S	28	82	Oporto	S	26	79	Toronto	C	22	72
Bordeaux	D	20	68	Jersey	F	17	63	Oslo	F	21	70	Tunis	S	34	93
Brussels	R	18	64	Jo'burg	S	18	64	Paris	F	19	66	Valencia	–	—	—
Budapest	S	29	84	Las Palmas	S	25	77	Prague	C	18	64	Venice	F	28	82
B. Aires	–	—	—	Lima	C	20	68	Reykjavik	F	11	52	Vienna	T	17	63
Cairo	S	32	90	Lisbon	S	29	84	Rio de J'o	–	—	—	Warsaw	C	22	72
Cape Town	S	17	63	Locarno	C	25	77	Rome	F	27	81	Zurich	C	16	61
Caracas	–	—	—	London	S	18	64								
Casablanca	–	—	—	Los Angeles	S	36	97								
Copenhagen	F	17	63	Luxembourg	C	16	61								
Corfu	S	33	91	Madrid	S	36	97								
Dublin	C	17	63	Majorca	–	—	—								

Readings at mid-day yesterday.

C–Cloudy D–Drizzle F–Fair Fg–Fog H–Hail R–Rain S–Sun Sl–Sleet Sn–Snow T–Thunder

Brazilian credit accord

Continued from Page 1

high-technology goods, notably electronic and data-processing equipment and avionics, there is considerable uncertainty about the real size of the shrunken Brazilian import market after three and a half years of recession.

The financial squeeze, which hit Brazil hardest last year, appears to have led to a significant amount of import substitution. Despite the long list of goods drawn up by Brazilian officials to be imported under the Eximbank line, the feeling is that it will not be fully utilised.

Signing of the agreements, for which Chase Manhattan has acted as the agent on the U.S. side, with Banco Itau on the Brazilian, is set for July 25.

The delays in taking up the Eximbank offer were caused partly by uncertainty over the likely actions of other Western governments – required, according to the Bill sent to the U.S. Congress, to provide similar support – and partly by legalistic red tape.

Only Japan among Brazil's other *leading trading partners has* formally confirmed that it is to renew medium-term credit guarantees for Brazil. But Britain, for one, is known to be actively re-examining the question.

THE LEX COLUMN

Why Reed sank MGN's float

Reed International announced last October that it intended selling Mirror Group Newspapers (MGN) through a stock market flotation. No firmly identifiable purchasers, therefore, were at hand to be gazumped when Reed succumbed last Friday to Mr Robert Maxwell's *higher offer.*

The fact remains that the MGN sale has left a nasty taste in the mouth, familiar to some frustrated home buyers, and has provided few clues on how a public company might best resolve occasional conflicts between financial self-interest and its own perception of the public interest.

There can be little doubt that Reed itself has done as much as anyone over the last nine months to identify a broad share ownership for MGN as a matter of public interest.

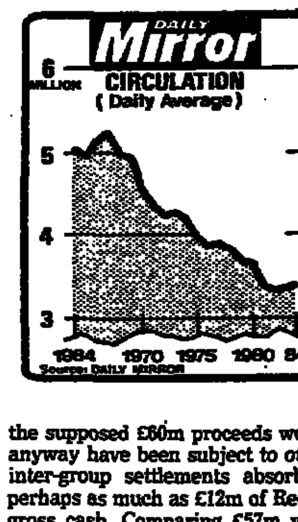
Its support for the flotation scheme – most notably evidenced in the imaginative appointment of Mr Clive Thornton as MGN's new chairman – was allowed by Reed to create the impression, right or wrong, that it saw this route as discharging a moral burden upon it as a national newspaper proprietor.

Assurances

Categorical assurances that no *single bidder would acquire MGN* were reportedly given to MGN's own workforce, which – contrary to this column's suggestion last week – expressed full support for a flotation from start to finish. Reed's commitment to the idea of protecting the newspaper group's subsequent independence even brought it to countenance putting a 15 per cent ceiling on the ownership of MGN's shares for an initial two years after the flotation – as explicit an acknowledgement of non-financial motives as could readily be imagined, since it would effectively have barred a bid premium on the share price.

The same impression even endured during the bizarre, final negotiations. Reed's board seemed more than happy to have Mr Maxwell cast in his familiar role as the Big Bad Wolf, huffing and puffing at MGN's door. Figures were juggled absurdly in the hostile response to Mr Maxwell's first offer. Reed owes MGN £23.4m and this was deducted from the £80m offer price to show a net figure of about £57m which could be compared unfavourably with putative proceeds of £60m from a flotation.

This must have struck everyone concerned as so much nonsense. Quite apart from the treatment of Reed's £23.4m debt after a flotation,



the supposed £60m proceeds would anyway have been subject to other inter-group settlements absorbing perhaps as much as £12m of Reed's gross cash. Comparing £57m with £60m, in other words, looked a half-hearted rejoinder in financial terms.

So Reed's awkward preference, in public at least, for clinging to its flotation scheme rather than, say, combating the bidder on grounds of asset values served only to strengthen the belief among many in the City of London that the flotation remained the most likely outcome.

In short, Reed can hardly be surprised if its critics now charge it with being bounced into the MGN sale in defiance of a matter of principle. But did it really have any choice? The City will offer Reed three ready lines of defence. First, institutional shareholders probably never expected Reed to set much store by non-financial considerations. Arguably, these should indeed be left to Whitehall and the Office of Fair Trading; but exceptions to the general rule can easily be imagined. The trouble with citing Reed's case as an exception is that, on any City list of deserving causes, Fleet Street's printing unions might not be too prominent.

Second, the MGN flotation was originally presented as no more nor less than a marvellous chance to get Reed off the hook and out of Fleet Street. MGN never presented a return on capital consistent with the strategy of the group and posed constant industrial relations problems. The plan of escape was last year welcomed in the City and Reed's board might be forgiven for having kept the plan uppermost in its thinking, however discreetly, throughout the proceedings.

Above all, and whatever the muddle en route, Reed has emerged at the end with a deal which has protected its shareholders' pockets.

MGN today is understood to have current assets of about £23m, including the cash proceeds of its share in the Reuters float; and fixed assets recently valued at £25m, including £11½m for the Holborn headquarters. It also retains Reuters stock with a gross market value just over £48m, although none of this is readily marketable. The £90m or so collected on its MGN sale has therefore extricated the group from Fleet Street at little or no cost – although suggestions that Mr Maxwell might have paid heavily over the odds also look wide of the mark – and Reed could have expected a bumpy ride from shareholders for turning it down.

Little credit

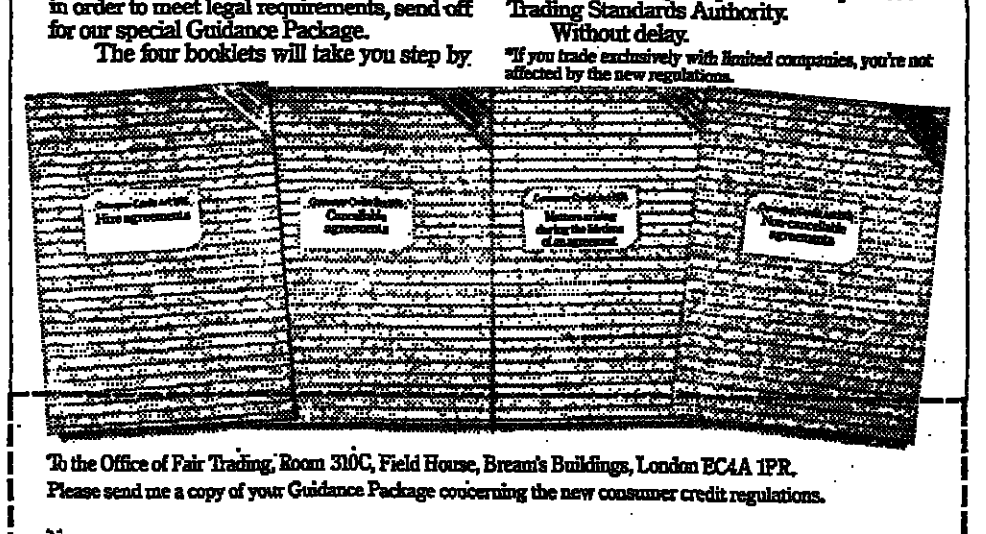
If those arguments are considered wholly persuasive, then Reed probably had no business trying to emulate the Government's achievement with Enterprise Oil by doggedly pursuing a flotation regardless of alternative offers. It was better to take the money and reduce its net debt from today's level at 45 per cent of shareholders' funds to something nearer 20 per cent.

It looks hard, however, to view the whole episode in quite such mundane terms. Reed's rationale for seeking to avoid one single purchaser for MGN was widely acknowledged and accepted. The manner of the group's volte-face will probably have done it little credit, even in the City, and leaves open the possibility that some compromise might have been struck. Both Dow Jones and Reuters, after all, have had their voting equity structures elaborately reorganised in recent months in an effort to protect their independence.

Whether such a compromise was still attainable late last week, though, is another matter. Reed was already fast running out of options when Mr Maxwell made his entry.

Some of Mr Thornton's own more adventurous ideas as well as the recent setback in the markets would arguably have made any future flotation a tricky matter at anything like a £60m valuation. Reed was probably justified, too, in casting a cold eye on consortium bid rumours.

Perhaps the group's real disservice both to itself and to opponents of individual proprietorship in Fleet Street was to have badly misjudged its timing. The result, fittingly enough in one sense anyway, has set MGN beside BPCC and Bishopsgate Trust in a sequence of takeovers all timed to perfection by the Daily Mirror's new protector.



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SECTION II – COMPANIES AND MARKETS
FINANCIAL TIMES
Monday July 16 1984

Citicorp to disband London syndicated loan department

BY PETER MONTAGNON, EUROMARKETS CORRESPONDENT, IN LONDON

THERE can scarcely be a more telling sign of the changing style of the international capital markets than the decision announced on Friday by Citicorp to disband its London syndicated loan department.

Citicorp was in at the syndicated loan market's very inception and has always been a major player, but from today it has reorganised its London operation. Instead of a syndicated loan department offering this one product to all its customers it now has three separate divisions whose job is to market a range of capital market products to customers in distinct geographical areas.

Mr Lloyd Bankson III, deputy managing director of Citicorp International Bank, admits the decision to drop the syndicated loan department was "an emotional moment" – the bank has had such a department for 12 years – but it does not imply a slackening of the bank's commitment to syndicated lending which, he says, has increased "by maybe 50 per cent" so far this year over 1983.

Instead it is more an acknowledgement of the fact that the capital markets have become more complex in the past year or so with the development of a range of new products most of which have helped blur the distinction between syndicated lending and the bond markets.

As a result Citicorp found individual customers were being visited by a confusing succession of individual specialists offering one by one a range of different products including bonds, loans, swaps, à forfait business, Euronote facilities and so on. It now feels today's market calls for a different approach in which each customer's account is managed by one person who can offer the right product at the right moment.

Its reorganisation is a formal response to this problem, which other banks also face. In a number of institutions syndicated lending and the securities business have already been brought closer together as old barriers between the two markets disappear.

With this comes a new problem, however. In today's markets bankers have to combine a broad general awareness of what is going on in markets all around them with an in depth specialist knowledge of how the separate segments of the market work.

For its cross border business done out of London, Citibank has divided up its territory into three separate areas each of which will be looked after by an executive director whose previous experience is relevant to the general flavour of the business Citicorp expects to do there.

There will be three other new divisions responsible for business which of its nature cannot be pinned to any one particular geographical area: swaps, asset trading and à forfait dealing.

These last divisions serve as a salutary reminder that there is a world outside-straight syndicated lending to which international bankers now have to adapt, for Citicorp's announcement that it was dropping its syndicated loan department in London would have otherwise come as rather bleak news in a week when no large new Eurocredits were announced at all.

Those in the market met a good response, however, with Sweden's loan facility increased by $1bn to $4bn. Éléctricité de France picked up more than $215m in syndication and its credit is expected to be increased to $1bn from $800m. At this level lead managers will still find their final commitments reduced to below $20m from an original $25m. Samuel Montagu's £25m deal for Irish Telecommunications is also likely to be increased to £50m.

INTERNATIONAL BONDS

Trading dull amid fears for rates

BY MAGGIE URRY IN LONDON

EURODOLLAR bond dealers can think of all sorts of good reasons why their market so seriously underperformed the U.S. bond market last week. First, but not foremost, is again withholding tax.

The lifting of that tax is expected to mean that Eurobonds will yield more relative to U.S. Treasury securities than they used to. Issue managers point out that recent deals, bought by underwriters at yields the same as those on equivalent Treasuries, now yield, on average, 35 basis points more. In price terms, the U.S. long bond gained around 3 points last week, Eurodollar bonds only ½ point.

More important are fears on interest rates and the strength of the dollar. There is still so widespread a belief that U.S. interest rates will go higher yet that New York's sudden rally early last week was treated with much scepticism in Europe.

Then the dragging up of European interest rates, particularly the UK's sharp rise in an attempt to protect the currency, leaves European investors wondering whether to avoid dollar bonds now in case the dollar falls, or to avoid D-Mark and Swiss franc bonds in case they suffer the UK "adjustment" too.

The possible fall in the dollar does not matter to U.S. buyers of U.S. bonds, but does to Europeans – another good reason for the two markets to diverge.

The last reason, and perhaps the clincher, is the weight of new issues under which the Eurobond market has had to work lately. Well over $1bn of paper has appeared in each of the last two weeks. Most of it has proved slow to shift, with retail interest still very patchy. Once again, a rise in the New York market has encouraged issuers to the Eurobond market, causing indigestion there.

In these uncertain markets, one welcome issue was Morgan Stanley's bond for the Austrian bank, Creditanstalt-Bankverein. The deal was helped along by the addition of warrants which offer a cheap hedging opportunity when interest trends are unclear.

BHF Bank bond average		
July 13		Previous
98.864		98.835
High	1984	Low
100.009		98.056

The package of one four-year 14 per cent bond, plus one warrant, was priced at 102. Once issued the two can be separated.

Following the structure of the Commerzbank deal in June, Creditanstalt's warrants have a four-year life – long enough to see at least one interest-rate cycle through – during which they can be exercised into a bond with the same coupon maturing in 1991.

Dealers made a case for both bulls and bears to buy the warrants – and the Americans could only curse the Securities and Exchange Commission for banning them from doing so.

With the withholding tax threat hanging over the dollar sector, other parts of the Eurobond market could take up the running. Ecu bonds look a likely candidate, with Deutsche Bank last week being the first German bank to bring an issue in the sector. Investor interest is growing and Deutsche Bank offered would-be buyers a choice of floating and fixed rate from Crédit Foncier.

The prospect of the summer holidays seems to be uppermost in the minds of traders in D-Mark and Swiss franc bonds. Turnover in both markets has been low, with Swiss franc issues unchanged on the week, D-Mark bonds down a ¼ point.

Canadian bonds are worst performers so far this year

BY OUR EUROMARKETS CORRESPONDENT

CANADIAN Government bonds were the worst buy in world bond markets during the first six months of this year, according to figures compiled by Salomon Brothers, the U.S. investment firm.

A U.S.-dollar-based investor who bought Canadian bonds in January would have lost 11.6 per cent of his money after coupon income, capital loss and exchange-rate losses were taken into account. On a similar basis, the best buy was French Government paper, which would have shown a profit of 6.6 per cent.

Regular comparative studies of the bond markets by Salomon Brothers usually serve as a pointed reminder of the effect exchange-rate movements can have on investments in the bond market. So far this year, however, that factor has been overshadowed by the steep rise in U.S. dollar yields, which has caused large capital losses for investors in dollar markets.

During the first six months, holders of U.S. government bonds suffered a total loss of 5.2 per cent even after accounting for coupon income. By contrast, dollar-based investors in most hard currencies would have shown a profit as rises in U.S. interest rates were not matched elsewhere.

In dollar terms, the return on D-Mark government bonds was a positive 2.5 per cent; on Dutch government paper it was 1.6 per cent and on Japanese issues it was 0.5 per cent. Swiss government issues fared rather worse, showing a loss of 6.3 per cent as did UK gilts with a negative total return of 6.9 per cent.

NEW INTERNATIONAL BOND ISSUES

Borrowers	Amount m.	Maturity	Av. life years	Coupon %	Price	Lead Manager	Offer yield %
U.S. DOLLARS							
Moet-Hennessy §‡	50	1999	14¾	7	100	Credit Lyonnais, Mgn. Grenfell, Dillon Read, Mgn. Stanley	7.000
Japan Air Lines ‡	100	1994	10	13⅜	100	Bque. Paribas, Salomon Bros.	13.375
Montreal Urban County. †(b)‡	50	1989	5	⅛	100	Daiwa Singapore	–
Denmark † ‡	600	–	–	¼	100	Mgn. Guaranty	–
LTCB ‡	125	1991	7	13⅝	100	LTCB Intl., Sal. Bros., Bankers Tst., CSFB, Mgn. Guaranty	13.625
BC Hydro ‡	150	1988	4	13⅜	100	Deutsche Bank	13.375
Creditanstalt Bkv. ¶ ‡	100	1988	4	14	102	Mgn. Stanley, Chase Man., Deutsche, EBC, Goldman Sachs, Manuf. Hanover, Orion Royal, SG Warburg	13.323
CANADIAN DOLLARS							
Sears Acceptance ‡	50	1991	7	14	100	Wood Gundy	14.000
City of Edmonton ‡	50	1989	5	13¾	100	Wood Gundy	13.750
City of Laval ‡	30	1991	7	14⅜	100	Orion Royal, Lévesque Beaubien Inc.	14.375
D-MARKS							
Council of Europe ‡	100	1992	8	8	100	BHF-Bank	8.000
IADB ‡	200	1992	8	8¼	99¾	Deutsche Bank	8.294
SWISS FRANCS							
Morinaga **§‡	70	1989	–	2¼	100	CS	2.250
Kinugawa Rubber**§‡	20	1989	–	2⅜	100	CS	2.375
Fujita Tourist **§	50	1989	–	2⅝	100	Bque. Paribas (Suisse)	*
Tamura Seisakusho **§	60	1989	–	2⅞	100	SBC	*
Kanegafuchi Chemical **§	70	1989	–	3¼	100	SBC	*
SWISS FRANCS							
Daikyo Kanko **§	30	1989	–	3	100	UBS	*
Biosearch Med. Products **§	10	1989	–	6½	100	Citicorp Bk. (Switz.)	*
World Bank	200	1994	–	*	*	SBC	6.250
BELGIAN FRANCS							
European Commission (Euratom) ‡	3bn	1992	8	12	100	Soc. Gen. de Bque.	12.000
NOR. KRONE							
City of Oslo	150	1991	7	11¼	100	Sparebanken Oslo Akershus	–
ECUs							
Credit Foncier ‡	70	1990∅	6	11⅛	100	Deutsche, BNP, BBL, SBC	11.125
Credit Foncier † (a) ‡	70	1994	10	3/16	100	Deutsche, BNP, BBL, CCF, SBCI	*
YEN							
Malaysia ‡	30bn	1994	9	7.9	99.80	Nomura Secs.	8.087

* Not yet priced. ‡ Final terms. ** Placement. § Convertible. † Floating rate note: coupon is spread over six-month Libor. (a) Spread over 3-month Ecu deposit rate. (b) Spread over 6-month Libor. ∅ Extendable to 1996. ¶ With warrants. Note: Yield are calculated on AIBD basis.

INTERNATIONAL CAPITAL MARKETS AND COMPANIES

U.S. BONDS

Analysts differ over whether Fed should tighten controls

THE FEDERAL Reserve Board's policy-making Federal Open Market committee (FOMC) meets today and Wall Street is captivated by speculation and lively debate about the likely outcome.

The meeting will decide whether to raise the FED discount rate, currently 9 per cent, take other firming action or hold steady and allow the market to continue to determine rates. The FOMC will also set preliminary 1985 monetary targets which Mr Paul Volcker, the FED chairman, will subsequently divulge to congress in his half-yearly testimony later this month.

The FOMC will take place against the backdrop of a highly unusual set of factors. As a result, Wall Street's economists

U.S. INTEREST RATES

	Week to July 13	July 6
Fed funds weekly average	11.25	10.91
3-month CDS	11.50	11.65
3-month T-Bills	9.90	9.82
30-year long bond	13.05	13.59
AAA utility	14.25	14.63
AA industrial	14.00	14.38

Source: Salomon Brothers (estimates). In the week ending July 2 M1 fell by $1.6bn. In June M2 incdeased by $17.3bn to $2,272.8bn and M3 increased by $20.3bn to $2,836.3bn.

are deeply divided in their interpretation of how the committee's members will respond.

The credit market itself has, in the meantime, staged a spectacular rally with the Treasury long bond gaining over three full points last week alone.

The performance of the market reflects a fundamental—but perhaps still transient—change in sentiment. Underpinning this change in mood is a temporary easing in fears about inflation and therefore of concern about how the Fed will respond to the still run-away level of economic growth.

The range of analysts runs from those who believe the Fed has already firmed — that is marginally tightened its monetary policy — to those who think the Fed has little option but to tighten further if it is to maintain its credibility.

The fundamental argument in favour of a Fed firming is that economic growth and credit demands are indeed continuing at an overheated and arguably unsustainable pace.

The counter argument is that for a variety of reasons, including concern about international debt, the domestic banking system, the record strength of the dollar and domestic and international political pressures, the Fed will avoid any overt tightening in monetary policy.

The recent performance of U.S. monetary aggregates has given renewed weight to the latter argument. The monetary figures released last week showed a larger than expected decline in M1 and all the aggregates, except M2, remained comfortably within target.

Despite continuing uncertainty this has given the markets a long overdue filip.

As a result the long bond closed at 101½¾, a gain of 3⅞ on the week. At the present price the long bond is yielding 13.05 per cent. The new 20-year coupon issue also advanced strongly closing the week at 103⅜ to yield 13.23 per cent.

Across the boards, government bonds posted gains of 1⅛ of a point or more while the yield spread between short term bills and long term issues narrowed by around 50 basis points as short term rates fell slightly.

The Fed funds rate, trading for most of the week between 11 and 11.25 per cent dipped to 10⅞ per cent on Friday while most other short term rates were five to 30 basis points lower at the weeks close.

Corporate bond prices also posted some healthy gains averaging around 2¼ points on medium and long term issues. As a result new issue yields fell by around 35 basis points. Last week saw almost $600m of new corporate issues boosting the year to date total to over $33bn, up around 26 per cent over last year.

The impending change in withholding tax has added a new element of anticipation to the market — though the full repercussions have yet to be thought out.

Among the major new corporate issues last week CIT Financial sold $100m of five year 13.625 per cent notes at par and Peoples Express sold $40m of unsecured seven year notes to yield 16.734 per cent.

Paul Taylor

Sperry to make $21.8m Trilogy stake write-down

BY PAUL TAYLOR IN NEW YORK

SPERRY, the U.S. computer manufacturing group, has warned that its first quarter profits will have to be cut by $21.8m because of the write-down of its investments in Trilogy, the West Coast computer company that recently scrapped plans to build a high-powered advanced main frame computer.

Sperry said that despite the write-down, the company still expects to report a profit in its first quarter which ended June 30.

The company declined to predict the size of its earnings but said that without the write-down its first quarter profits "would have been sharply higher"—Sperry earned $24.6m or 52 cents a share in its 1983 first quarter.

The company added that its earnings for the full year ending March 31, 1985 are still expected to be "significantly better" than the $216.2m earned in the year to this March.

Sperry was among a number of major corporations which invested in Trilogy, a high-technology company started four years ago in Supertino, California. Trilogy had planned to build an advanced large-scale computer using "wafer-scale integration"—a technology allowing them to manufacture large semiconductors with many times the power of conventional chips.

Sperry and the other major investors in Trilogy acquired the option to use Trilogy's technology for their own future machines in return for their investments. However, the new technology has proved extremely complex and after a series of delays and technical problems, Trilogy annnounced last month that it was abandoning plans to build the computer.

Sperry has invested $40m in the venture and said that it was writing down the value of this investment to $9.69m as of June 30.

Murdoch faces another St Regis block

BY TERRY DODSWORTH IN NEW YORK

MR RUPERT MURDOCH'S attempt to build up a large shareholding in St Regis, the U.S. paper and forest products group, has hit yet a further snag.

After facing obstructions both in the Dallas courts and from the Florida insurance authorities, Mr Murdoch's companies have been served notice that the Commissioner of Insurance in Nebraska is seeking a temporary restraining order to prohibit the acquisition of further St Regis shares.

The action has arisen because of St Regis's ultimate ownership of two insurance companies in Nebraska. "Our concern is for the policyholders in the state" said Mr Michael Dugan, director of insurance for Nebraska. "We want to know more about Mr Murdoch if the company is going to change hands."

Under the Nebraska insurance statute, Mr Murdoch will be required to file papers similar to those demanded by the Securities and Exchange Commission, before purchasing more than 10 per cent.

Following the Dallas court case, he has been forced to reveal a great amount of detail about his plans for St Regis, including the fact that he has discussed with a group of banks the possibility of a hostile partial tender offer.

On Friday shares in St Regis fell $2⅜ to $41⅞.

Foreign banks join queue for Australia

By Colin Chapman in Canberra

BETWEEN six and 10 new foreign banks will get full banking licences by the end of this year under the new Federal Government policy endorsed by last week's Australian Labor Party conference.

Under the new policy, prospective licencees will be expected to offer significant benefits by way of new facilities and make every effort to achieve 50 per cent Australian ownership of their local units.

Mr Paul Keating, the Federal Treasurer, said that each application would be considered individually, and then he would put a collective submission to cabinet.

There is considerable speculation on who the successful candidates will be, but six banks seem certain to gain licences. There is Citibank which has A$2bn (U.S.$1.6bn) in deposits. Another American Bank, Chase Manhattan, has virtually ensured a place by signing a joint-venture with the AMP, Australia's largest institutional investor.

From Britain, Lloyds seems a certainty through its wholly-owned subsidiary, the Bank of New Zealand. Barclays has been tipped as a favourite. But last week Midland shot ahead as a result of a joint-venture with the State Bank of Victoria.

Japan's Bank of Tokyo is another possible.

Profit to triple at Cadillac Fairview

BY ROBERT GIBBENS IN MONTREAL

CADILLAC FAIRVIEW Corporation, a major real estate developer operating in Canada and the U.S., expects to report net profits of C$21m (U.S.$15.8m) in the first quarter ended May 31, up from C$6.1m a year earlier. The increase is largely due to continuing major land sales, but will also include tax recoveries.

Cash flow was C$36m, up from C$13m and rental income C$24m, up from C$18.5m, and a good fiscal 1985 is expected. Net floating rate debt has been cut to C$418m from C$766m a year earlier and in the past 14 months C$854m of fixed rate long term financing have been arranged.

Cadillac expects to have almost C$2.4bn of new rental properties completed or under active development within the next three years, and "that's hardly conservative," said Mr Neil Kolber, the chairman.

Most of the company's growth is derived from rising income from its major commercial property portfolios. In the past two years Cadillac has sold major tracts of development land in Canada and the U.S. to reduce debt and senior management changes have been made. It has also moved out of the residential development field.

Cadillac is controlled by the family of the late Mr Samuel Bronfman, founder of the Seagram company, of Montreal. Recently the Reichmann brothers of Olympia and York Developments acquired nearly 20 per cent of Cadillac from institutional investors.

Bid rumour lifts Unocal shares

BY OUR NEW YORK STAFF

SHARES IN Unocal, the 14th largest U.S. oil company, rose $4⅜ to $35⅜ on Friday as speculation over further oil industry take-overs revived on the New York stock exchange.

On Wall Street it is being said that Standard Oil Company (Indiana), the sixth largest U.S. oil company, was considering making a bid for Unocal.

In recent weeks, the bout of frenzied merger activity in the oil industry which hit the U.S. in the first few months of the year has died down.

Some investment bankers have said that because of the political sensitivity of giant take-overs as the country approaches the presidential election, they are advising clients to steer clear of aggressive take-over action. But there is also widespread feeling on Wall Street that further rationalisation will be attempted either before or after these elections.

INTERNATIONAL APPOINTMENTS

Chairman at Bell National

● Mr David L. Butler has rejoined BELL NATIONAL CORP. as its chairman and chief executive. Mr Butler said that he had decided to rejoin the company after the board had expressed its desire that he should continue with the business plan that he had established. Mr Butler resigned as chairman, president, and chief executive in April. Mr Miles A. Cobb will remain as president. Mr Butler replaces Mr James L. Grauer as chairman of the board.

● Mr Donald G. Barber has been elected a senior vice-president at AMINOIL INC. He also retains the title and responsibilities of chief financial officer. He now has responsibility for Aminoil's internal audit, controller's, purchasing, tax and treasury operations. Mr Barber joined Aminoil in 1982 as vice-president and controller. He was named chief financial officer in early 1984.

● Mr Robert C. Howell has been named president of TELE-CHECK SERVICES, INC, an international payment systems company based in Denver. He joined as a vice president in 1980 and succeeds Mr Jeffrey Baer, who continues to be in charge of the payment services division of Tymshare, Tele-Check's parent. Mr Baer has been in charge of both Tele-Check and the payment services since October, 1983.

● Mr Roderick Paul has become managing director of MITCHELL COTTS (PTY), Johannesburg. He was BOC's general manager for the south of England before joining Mitchell Cotts in South Africa.

Mr Roderick Paul, managing director of Michael Cotts)Pty)

● The CHICAGO BOARD OPTIONS EXCHANGE has elected Mr Richard E. Lurie chairman of the CBOE executive committee and vice-chairman of the exchange. He will complete the remaining six-month term of Mr Robert L. Cruikshank, who resigned as both CBOE director and executive committee chairman to pursue other business interests. He has been a CBOE director since December 1982 and at the time of his election was serving as chairman of the exchange's financial planning committee.

● THE COLUMBIA GAS SYSTEM INC., has elected Mr John H. Croom, president, to the additional positions of chairman and chief executive officer effective August 1. He will succeed Mr W. F. Laird, who will retire on that date. Laird will continue on the Columbia board. Mr Croom is a 30-year veteran with Columbia Gas, but at 51 will be the youngest chairman in Columbia's history. He was elected president in November 1982 after having served as an executive vice president since June 1981 and as a senior vice president of the Columbia Gas System Service Corp. since September 1979.

● Ms Patricia A. Joyce has been appointed controller of the BOWERY SAVINGS BANK. She becomes the first woman to hold that post in the bank's 150-year history. Ms Joyce, who also will service as a vice-president of the bank, was vice-president and general auditor for the past two years of the DC National Bank in Washington. Before that, she was a senior auditor with Price Waterhouse.

● Mr Alwynne Kilpatrick has resigned as a director of AUSTRALIA and NEW ZEALAND BANKING GROUP. The bank's chief general managers, Mr Will Bailey and Mr Reg Nicolson, have been appointed directors of Australia and New Zealand Banking group. They were appointed chief general managers in November 1983.

● Mr Fraser Ainsworth has been appointed managing director of DELHI PETROLEUM PTY, part of CSR's oil and gas division. He joined CSR in 1963. In 1981, as general manager of Grove Aluminium Finance, he was responsible for arranging the finances of CSR's $300m investment in the Tomago Smelter Project.

● Mr Jerry G. Brown has been promoted to corporate vice-president—finance at McDONNELL DOUGLAS CORP. Replacing Mr Brown as corporate treasurer is Mr John W. Chase, who had been assistant treasurer.

FT INTERNATIONAL BOND SERVICE

U.S. DOLLAR STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Alaska Housing 11¾ 94	100	88⅞	89⅛	+0⅛	−0⅛	13.99
All Nip. Airways 14 94	100	102⅜	102¾	+0⅛	+0⅛	13.53
American Savings 12 89	125	97⅛	97⅝	+0⅛	−0⅛	12.69
American Sav. 12⅛ 89	100	97	97½	−0⅛	−0⅛	13.02
[illegible]						

	Issued	Bid	Offer	Change on day	Change on week	Yield
Statsforetag 6 92	75	†100	100⅛	+0⅛	+0½	5.98
Sweden Kingdom 5¾ 94	125	†99¾	100	0	0	5.76
Tauernkraftwerke 5½ 94	100	†97⅞	98	−0⅛	−0⅛	5.79
Tobu Railway 4 92 WW	100	†97⅛	97½	−0½	−0⅛	4.40
Tobu Railway 4 92 XW	100	†86½	86¾	0	0	6.21
Transcanada Pipe 5½ 92	100	†97⅞	98	0	0	5.84
[illegible]						

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EUROBOND TURNOVER

(nominal value in $m)

	Cedel	Euro-clear
U.S. $ bonds		
Last week	7,041.0	21,100.7
Previous week	10,359.0	17,392.5
Other bonds		
Last week	1,577.1	1,604.1
Previous week	1,739.7	1,600.0

* No information available—previous day's price.

† Only one market maker supplied a price.

STRAIGHT BONDS: The yield is the yield to redemption of the mid-price; the amount issued is in millions of currency units except for Yen bonds where it is in billions. Change on week=Change over price a week earlier.

FLOATING RATE NOTES: Denominated in dollars unless otherwise indicated. Coupon shown is minimum. C.dte=Date next coupon becomes effective. Spread=Margin above six-month offered rate (‡ three-month; § above mean rate) for U.S. dollars. C.cpn=The current coupon. C.yld=The current yield.

CONVERTIBLE BONDS: Denominated in dollars unless otherwise indicated. Chg. day=Change on day. Cnv. date=First date for conversion into shares. Cnv. price=Nominal amount of bond per share expressed in currency of share at conversion rate fixed at issue. Prem=Percentage premium of the current effective price of acquiring shares via the bond over the most recent price of the shares.

The list shows the 200 latest international bonds for which an adequate secondary market exists. The prices over the past week were supplied by: Kredietbank NV; Credit Commercial de France; Credit Lyonnais; Commerzbank AG; Deutsche Bank AG; Westdeutsche Landesbank Girozentrale; Banque Generale Internationale Luxembourg; Kredietbank Luxembourg; Algemene Bank Nederland NV; Pierson, Heldring and Pierson; Credit Suisse/Swiss Credit Bank; Union Bank of Switzerland; Akroyd and Smithers; Bank of Tokyo International; Blyth, Eastman, Pain, Webber International; Chase Manhattan; Citicorp International Bank; Credit Commercial de France (securities) London; Daiwa Europe NV; EBC; First Chicago; Goldman Sachs International Corporation; Hambros Bank; IBJ International; Kidder Peabody Morgan Stanley International; Nomura International; Orion Royal Bank; Robert Fleming and Co.; Samuel Montagu and Co.; Scandinavian Bank; Societe General Strauss Turnbull; Sumitomo Finance International; S. G. Warburg and Co.; Swiss Bank Corporation International; Wood Gundy.

Closing prices on July 13

UK COMPANY NEWS

Facing the music over CAMRA ideals

Alexander Nicoll looks into the Swithland Leisure offer for Midsummer Inns

Midsummer Inns no longer has any formal link with the Campaign for Real Ale, from which it was an offshoot. But Mr Christopher Hutt, managing director of the small chain of free houses, insists that "We have not moved away from the CAMRA ideals."

Not so, says Swithland Leisure, a company formed by Mr Adam Page and Mr Paul Reece, who earlier this year sold a chain of 29 pubs and discotheques to Whitbread for £7m.

"Midsummer has already moved away from many of the original CAMRA ideals, and it is you board which has been responsible for the introduction of lager, keg beer, fruit machines and juke boxes into Midsummer pubs," they tell Midsummer shareholders.

They have bought 26 per cent of Midsummer Inns and are bidding for the rest with an offer which values Midsummer at £1.88m.

Perhaps a more serious charge levelled by Swithland, especially in the eyes of CAMRA devotees, who bought a few shares 10 years ago and have since been able to buy only a few pints with their dividends, is that "The yield on you investment has always been derisory."

Mr Hutt, 37, who once wrote a book called "The Death of the English Pub," thus finds himself fighting for the life of a company which was formed as CAMRA (Real Ale) Investments, with one put and now has 10, mostly in the East Midlands and East Anglia.

Midsummer has been forced to rethink basic policies in its search for profits.

Its previous aims have a national chain of real ale pubs has ben scaled-down to obtain beter management controls and greater purchasing power. Now, it will invest only in pubs within a 60-mile radius of Cambridge. Midsummer's best-known pub, the Nag's Head in Hampstead, was sold in March for £750,000.

Midsummer is forecasting a pre-tax profit this year of between £110,000 and £150,000, compared with last year's £44,000. The forecast excludes a £375,000 surplus on the sale of the Nag's Head.

Midsummer recently raised £310,000 through a rights issue to support the development programme.

Mr Hutt defends the sale of lagar and keg beer on the grounds of the necessity to offer drinkers a choice. He says that Midsummer's concentration on the area around Cambridge, with its expanding population and industry, means that Midsummer is set for substantial growth from a sound base.

Midsummer's defence document against the 215p per share bid invokes support from a member of the CAMRA national executive, Mr Richard Sanders, who said in a letter to "What's Brewing" of Mr Page's previous chain:

"These establishments were often noisy, over-priced, dimly lit and some had bouncers on the door." CAMRA itself, however, is sitting on the fence — it has decided not to sell its small shareholding in Midsummer to Swithland, but says "ultimately CAMRA branches and indvidual shareholders must make their own decision."

Mr Page acknowledges his links to larger pubs attracting a young clientele (over half of whom drink lager), and to discotheques — he calls the bouncers "doormen." But he says that he would retainl the commitment to Midsummer pubs to real ale.

Sitting in the wings with a recently acquired 8 per cent stake in Midsummer is the East Anglian brewer, Greene King. It says it is impartial, and is not believed to have yet considered a counterbid.

First closing date for acceptances is Friday, July 20.

Grovebell document disclosures

A COMPANY owning a majority stake in Grovebell, a motor trading and finance group, bought and then sold a 2.1 per cent stake in Marshall's Universal, a vehicle and paper distributor, before Grovebell bid for Marshall's in June.

The offer document sent by Grovebell to Marshall shareholders shows details of dealings in Marshall shares by Sonesta Investment, which holds 51.2 per cent of the ordinary shares of Grovebell.

Mr Vasant Advani, the chairman of Grovebell, is a director of Sonesta, share capital of which is held by the trustees—including Mr Advani—of a discretionary trust for the Advani family.

Between April 3 and May 18, Sonesta bought 190,000 shares of Marshall's in five transactions, with the price ranging from 57p to 59p. Between June 1 and June 14, it sold all the shares in 13 deals, all but two of which were on June 13 and June 14. The prices ranged from 56p on June 1 down to 44p on June 14.

On June 15, Grovebell announced its bid for Marshall's. The offer document puts the value of its offer of three Grovebell shares for one Marshall's share at 52.5p. Since the bid was first announced, Marshall's capital has been expanded by a two-for-three rights issue at 30p.

Since the Grovebell bid, Grovewood Securities, a subsidiary of Eagle Star, has taken a 25.1 per cent stake in Marshall's. Marshall's has dismissed the bid as "ridiculous."

The offer document said Grovebell's bid would provide shareholders who took its shares with a 25 per cent increase in capital value. It said Marshall's performance could be significantly improved by the application of Grovebell's management skills.

FINANCIAL TIMES STOCK INDICES

	July 13	July 12	July 11	July 10	July 9	July 6	1984 High	1984 Low	Since Compilatn High	Since Compilatn Low
Government Secs.	76.74	76.44	76.53	76.47	77.22	77.79	83.77	76.44	127.4	49.18
Fixed Interest	81.09	80.97	81.10	81.56	81.92	82.25	87.48	80.97	150.4	50.53
Industrial Ord	770.7	771.1	782.0	793.0	811.6	819.3	922.8	770.3	922.8	49.4
Gold Mines	549.2	539.8	532.8	560.1	532.3	538.8	711.7	520.2	734.7	43.5
FT-Act. All-Share	456.49	464.90	471.20	478.53	485.07	490.39	536.71	464.90	536.71	61.92
FT-SE 100	995.8	991.4	1001.7	1014.4	1033.8	1042.3	1141.6	991.4	1141.6	991.4

Near £4m valuation on Eliza Tinsley

By Alison Hogan

A LITTLE more than a century after Mrs Eliza Tinsley retired from the family business, distributing agricultural hardware including nails and chains, the group bearing her name is coming to the Unlisted Securties Market with a market value of £3.89m.

The Eliza Tinsley group has been in the hands of the Green family since Mrs Tinsley retired and they will retain around 80 per cent of the equity after the placing of 1.41m shares at 55p through stockbrokers Albert E. Sharp.

The Eliza Tinsley group will receive £442,000 through the placing, most of which will be used to pay off an unsecured bank loan used to acquire Wiggin, a manufacturer of small welded steel chains.

The group has undergone considerable rationalisation and a broadening of its product base in recent years. The Eliza Tinsley subsidiary has increased to two-thirds of sales the products it factors from outside sources, so improving profitability.

It has, in addition to the Wiggin acquisition, two other subsidiaries, Griffin which has changed from a manufacturer to distributor of hand tools, and Parkes, a forging and presswork operation.

The latest innovation from Parkes, launched at this year's Royal Show, is an oven retailing at around £6,000 which converts straw into animal feedstuff, and this appears to have a great market potential.

The group's computer system which operates through E. T. Hi-Tec, not only provides the computer services for the group, but is expected to become a profit centre itself through outside demand for programmes developed by its staff.

Turnover in the year to March 1984 was £7.36m and pre-tax profits £546,000, up from a £6.63m turnover and £465,000 pre-tax profit in 1983.

The shares at the placing price of 55p are on a p/e of 9.4 and a prospective yield of 2.88p.

Dealings are expected to begin on Friday, July 20.

Chloride says vote against Gillibrand

Chloride, the battery group has advised shareholders not to vote Dr Maurice Gillibrand, leader of a shareholders' action group, on to the company's board at the annual meeting on July 27.

The company said in a letter that its board did not feel it would work more effectively as a result of Dr Gillibrand's appointment. "Nor does it feel that a former executive whose appointment was terminated would be an appropriate person to be appointed a director."

Dr Gillibrand was head of group research until 1971, and left in 1972, when he received a "generous termination payment," Chloride said.

Dr Gillibrand said that he regretted that the company had chosen to attack him personally and to draw attention to the circumstances of his departure from the company.

The action group which he heads claims to represent about 1.3m Chloride shares or about 1 per cent of the company. It is seeking the restoration of the dividend on ordinary shares and wants directors, headed by chairman Sir Michael Edwardes, to forgo salary increases, and employees to agree to voluntary redundancies as well as a pay freeze linked to improved security of employment.

F.T. Share Information

The following securities have been added to the FT Share Information Service:

Britannia Arrow Holdings 9pc Conv. Uns. Loan Stock '95/02 (Section: Trusts Finance Land).

Petrogen Petroleum, Inc. (Oil and Gas).

Slough Estates 12⅜pc Uns. Loan Stock 2009 (Property).

Stat-Plus Group (Industrials).

Steel Burrill Jones Group (Insurance).

BOARD MEETINGS

The following companies have notified dates of board meetings to the Stock Exchange. Such meetings are usually held for the purpose of considering dividends. Official indications are not available as to whether the dividends are interims or finals and the sub-divisions shown below are based mainly on last year's timetable.

TODAY

Interims: Blundell-Permoglaze, Hunterprint, Trust of Property Shares.

Finals: Ellis and Everard, Hillards, William Sommerville, Tops Estates, Vinten.

FUTURE DATES

Interims—	
Bank Leumi (UK)	July 25
Greenwich Cable Communications	July 17
IMI	Sept 4
Jourdan (Thomas)	July 25
Law Debenture	Aug 2
Lex Service	July 27
Temple Bar Investment Trust	July 23
Finals—	
Aeronautical and General Instruments	July 28
Brown (John)	July 24
Distillers	†July 19
Robertson Research	July 18
Syltone	July 18

† Amended.

Berkeley Group set for USM placing

BY ALISON HOGAN

DORMER WINDOWS, half timbering, open fireplaces and ornamental cornices are some of the hallmarks of the homes that the Berkeley Group builds through the stockbroker belt of the South-east.

The directors have decided to bring the group to the Unlisted Securities Market to raise just over £1m for the company which will reduce bank borrowings and help boost the house building programme. The flotation will also give the staff an opportunity to buy shares in the company.

County Bank are placing 15.2 per cent of the enlarged equity, 1.47m shares at 85p per share. Neither Mr Farrer nor Mr Pidgley are selling any shares. Their holdings after the placing will amount to 30.3 per cent and 44.8 per cent respectively.

The company was started in 1976 by Mr Jim Farrer the chairman and Mr Tony Pidgley the managing director, both from Crest Nicholson and with property backgrounds. They saw a market for high quality housing for people in upper income groups, and, starting from Weybridge and expanding into the Home Counties, they built up the business from a turnover of £3m in 1980 to £12m in the year to April 1984.

The staff has grown at the same time, and the group now has five subsidiaries covering different regions from Kent to North-west London, with directors responsible for land and sales, building and construction. Another regional office is planned for next year. The group also has a small commercial division which builds and sells offices.

The group managed to see its way through the downturn in the demand for housing in 1981 by taking on more refurbishment and contract work. Since the upturn in 1982, pre-tax profits have increased from £398,000 to £1.53m in 1984 when it sold 85 units. The group, which sells 87 per cent of units before completion, has had no cancellations so far, following the interest rate hike.

At the placing price of 85p, the Berkeley Group will have a market capitalisation of £8.2m and the shares will sell on an actual tax p/e of 8.4 times.

Rowe & Pitman are brokers to the issue and dealings are expected to begin on July 19.

RECENT ISSUES

EQUITIES

Issue price	Amount paid up	Latest Renunc. date	1984 High	1984 Low	Stock	Closing price	+ or −	Net Div.	Times covered	Gross Yield	P.E. Ratio
§160	F.P.	6/8	222	162	✣Appl'd H'graph's.5p	165	.....	—	—	—	—
—	F.P.	—	200	120	Do. Warrants	135	.....				
270	F.P.	10/8	275	182	Assoc Brit Ports	200	+18	8.5	2.9	6.1	7.5
§88	F.P.	17/8	92	81	✣Bush Radio 10p	81	−4	bg1.0	4.5	1.7	17.2
§30	F.P.	3/8	33½	23	✣Clogau Gold 10p	23	.....	—	—	—	—
**	F.P.	—	26	23	Darby Tst. Warrants	24	.....	—	—	—	—
41	F.P.	20/7	30	25	✣Ennex.Intnl. Ir10p	27	.....	—	—	—	—
¶185	100	12/9	106	96	Enterprise Oil	97	.....	b7.0	5.2	5.7	7.9
95	F.P.	3/8	120	105	Etam 10p	106	−1	3.5	2.9	3.4	14.8
—	F.P.	—	13	9	Gartmore I. & F.Warr.	9	.....	—	—	—	—
§33	Nil	3/8	38	31	✣Gee-Rosen 5p	31	−1	u1.5	1.6	6.9	11.8
§67	F.P.	27/7	76	68	✣Global Group 10p	68	−5	u2.25	1.8	4.7	16.8
§25	F.P.	10/8	30	26	✣Hobson 5p	29	+1	—	—	—	—
§93	F.P.	16/7	124	94	✣Holden Hydr'm'n10p	116	.....	u3.25	2.8	4.0	10.2
120	F.P.	13/7	155	137	✣Hunter Saphir	143	.....	g1.59	3.7	1.6	23.2
120	F.P.	12/7	132	120	LCA Hldgs. 20p	121	−1	b1.5	3.4	1.7	19.8
§106	F.P.	20/7	109	93	✣Lon. & Clydeside	98	.....	bg5.3	2.0	7.7	9.2
¶185	F.P.	27/7	185	170	LoweHo'ard-Spink10p	170	.....	bg3.6	2.9	3.0	16.2
§100	F.P.	17/8	104	100	✣Mayfair & City Prop	104	+4	bg5.0	1.2	4.1	21.1
¶¶	F.P.	—	48	38	MurrayVenturesWrrts	38	−2	—	—	—	—
15	F.P.	29/6	153	126	✣Northamber 5p	142	.....	u1.0	5.4	1.0	26.4
‡‡	F.P.	—	£12½	£12	PLM AB A Sk 25	£12½	.....	—	—	—	—
§Sk125	F.P.	—	£12½	£12	Do. B Sk 25	£12⅛	.....	—	—	—	—
§60	F.P.	—	62	59	✣Pacific Sales 10p	59	−1	b2.4	2.2	5.8	8.9
§68	F.P.	13/7	76	68	✣Petrolex 5p	76	+7	—	—	—	—
28	F.P.	18/7	29½	23	✣Pic'd'ly Rad. N.V.5p	23	−1	61.88	1.0	11.6	11.8
§10¼	F.P.	—	13	11	✣Pres. Entertain. 10p	11	.....	bg0.4	2.0	5.2	15.9
¶196	F.P.	19/7	238	206	Reuters 'B' 10p	226	+4	b3.5	4.1	1.6	22.0
§65	F.P.	13/7	66	59	✣Spectra Auto. 10p	59	−1	u2.28	2.2	5.5	11.6
130	F.P.	3/8	140	115	✣Spectrum 5p	133	−2	b2.0	3.5	2.1	19.2
§380	F.P.	—	400	378	✣TDS Circuits 5p	380	.....	u4.9	3.5	1.8	22.1
‖	F.P.	—	220	200	✣Telecomputing 10p	200	−15	b1.0	—	0.7	—
145	F.P.	27/7	155	132	✣Trencherwood 10p	132	.....	bgd4.8	3.9	5.0	6.6
§‖Ir43p	F.P.	6/7	40	30	✣Tuskar Res. Ir5p	31	+1	—	—	—	—

FIXED INTEREST STOCKS

Issue price £	Amount paid up	Latest Renunc. date	1984 High	1984 Low	Stock	Closing price	+ or −
§98.19	£25	27/7	25⅞	20	Border & S'thern 11½% Deb. Stk. 2014	30	.....
‖	Nil	25/7	9½pm	1pm	Cap & Counties 8½% Cnv. Uns.Ln.1989/94	1½pm	+½
‖	Nil	3/7	99½	96	Comfort Int. 7½% Cnv. Uns. Ln.1997-2001	96	.....
6.764	£25	13/9	24¼	19¾	EDF 11¼% Ln. 2009/12	20¼	+⅝
97.780	£30	5/10	28¼	26¼	Eaton Fn. N/V 12½% Uns. Ln. 2014	26½	+¼
§98.152	£25	22/11	25½	22	Marley 11⅞% Deb. 2009	22¾	+¾
¶¶	F.P.	13/7	100	95	✣Micro Bus. Sys. 6pc Uns. Ln.1997	96	+1
—	F.P.	—	100¼	98⅞	Nationwide 10¼% 24.6.85	98⅞	−¾
—	F.P.	—	100¼	99	Do. 11¼% 15.7.85	99⅛	+⅛
92.689	£30	24/10	29¼	27⅜	New Zealand 11½% 2014	28	+⅝
¶¶	F.P.	—	83	77	Polly Peck 6pc Cum.Cnv.Red.Pref	77	−1
§100	£10	5/9	12¼	11⅛	Portsmouth Water 13% Red. Deb. 1994	12	.....
§97.80	F.P.	12/7	105⅛	93¾	Province de Quebec 12¼% Ln. 2020	94	+¼
‖	F.P.	4/7	102	91	Robinson(Thomas)7%Cum.Cnv.Red.Prf.	94	+1
¶¶	F.P.	5/9	108	105	Saatchi & Saatchi 6% Cnv.Uns.Ln.2015	106	+1
‖	F.P.	3/7	98	95	Tern-Cons'fte.9%Cnv.Cm.Rd.Prf.97/2000	95	−3
98.641	£30	7/8	30	20¼	Trinidad & Tobago 12¼% Ln. 2009	20¼	+⅛
‖	F.P.	6/7	97½	96¾	Upton (E.) 10% Cnv. Uns. Ln. 1990	97	.....
§100	£10	27/9	12¼	11⅛	York Waterworks 13% Red. Deb. 1994	12	.....

"RIGHTS" OFFERS

Issue price	Amount paid up	Latest Renunc. date	1984 High	1984 Low	Stock	Closing price	+ or −
A$3.7	Nil	—	50pm	45pm	Australia & N.Z. BankingA$1	50pm	.....
A$7.6	A$4	3/5	542	366	Broken Hill PropA$2	372	+4
80	F.P.	—	97	90	Canning (W.)	96	.....
410	F.P.	17/8	455	415	Cater Allen £1	415	−2
235	Nil	1/8	38pm	14pm	Cookson 50p	14pm	−1
19	F.P.	17/8	23	20½	Hyman (I & J) 5p	21	.....
13	Nil	—	5pm	2pm	Kwahu 10p	2pm	.....
191	F.P.	29/6	217	184	Ladbroke 10p	185	+1
30	F.P.	13/8	52	41	Marshall's Universal	42	.....
85	Nil	—	12pm	3pm	Moss (Robert) 10p	3pm	−1
A$0.85	Nil	27/6	26pm	8pm	North Kalgurli	10pm	+2
125	Nil	—	35pm	30pm	✣Pict. Petroleum £1	35pm	+2
A$4	A$2	—	248pm	122pm	Santos A0.25c	230pm	+6
250	F.P.	9/8	340	305	✣Saxon Oil	305	−10
335	Nil	13/8	57pm	30pm	Systems Designers 5p	50pm	−10
45	Nil	24/8	10pm	4pm	Uniflex 10p	4pm	.....

Renunciation date usually last day for dealing free of stamp duty. *b* Figures based on prospectus estimates. *d* Dividend rate paid or payable on part of capital; cover based on dividend on full capital. *g* Assumed dividend and yield. *u* Forecast dividend cover based on previous year's earnings. C Canadian F Dividend and yield based on prospectus or other official estimates for 1984. H Dividend and yield based on prospectus or other official estimates for 1983-84. Q Gross. *p* Pence unless otherwise indicated. ¶ Issued by tender. ‖ Offered to holders of ordinary shares as a "rights." ** Issued by way of capitalisation. §§ Reintroduced. ¶¶ Issued in connection with reorganisation merger or take-over. ‖‖ Allotment letters (or fully-paid). ‖‖ Introduction. ✣ Unlisted Securities Market. § Placing price. †† Official London Listing. ‡ No par value.

PENDING DIVIDENDS

Dates when some of the more important company dividend statements may be expected in the next few weeks are given in the following table. The dates shown are those of last year's announcments except where the forthcoming board meetings (indicated thus*) have been officially notified. Dividends to be declared will not necessarily be at the amounts in the column headed "Announcement last year."

	Date	Announcement last year		Date	Announcement last year
Acrow	Aug 4	Final nil	*NatWest	Aug 13	Interim 11.4
*BET	July 19	Final 8.14	Notts Manfg	July 28	Interim 1.35
*Barclays Bank	Aug 2	Interim 11.5	Ocean Transport	Aug 9	Interim 2.15
*Bibby (J.)	Aug 15	Interim due	Property Secs Invest Tst	Aug 10	Final 1.5
Blue Circle	Aug 25	Interim 6.0	Queens Moat Houses	Aug 25	Interim 0.685
*Britoil	July 27	Interim 3.3	Reyback	Aug 26	Final 0.25
*Brown (J.)	July 24	Final due	Rentokil	Aug 23	Interim 0.675
Commercial Union	Aug 10	Interim 4.85	*Rothmns Intl	July 19	Final 4.0
Corah	Aug 18	Interim 1.5	*Royal Insurance	Aug 16	Interim 10.5
*Davy Corporation	July 19	Final 2.585	Securicor	Aug 10	Interim 0.44
De Beers	Aug 23	Interim 12.5c	Slough Estates	Aug 24	Interim 1.525
*Dee Corpn	July 25	Final	Smith and Nephew	Aug 9	Interim 1.4
*Distillers	July 19	Final 8.5	Stand Chartd Bank	Aug 23	Interim 9.5
*Dixons	July 19	Final 2.4	Stock Conversion	Aug 8	Final 3
*Dowty	July 19	Final 2.25	STC	Aug 5	Interim 2.75
General Accident	Aug 10	Interim 8	Taylor Woodrow	Aug 23	Interim 5.5
Glynwed	Aug 3	Interim 2.45	*TI	Aug 9	Interim 2.5
GUS	July 21	Final 3.0	Tozer Kemsley & Millbourn	Aug 1	Interim nil
GKN	Aug 11	Interim 4	Ultramar	Aug 11	Interim 6
HAT	July 19	Final 1.5	*Union Discount	July 18	Interim 11.0
Hawley	Aug 24	Interim 0.66	Vosper	July 14	Interim 2.0
Hogg Robinson	July 19	Final 3.0	Yorkshire Chemicals	Aug 25	Interim 1.0
Horizon Travel	Aug 17	Interim 0.88			
*ICI	July 26	Interim 10.0			
Lasmo	Aug 23	Interim due			
*Lex Service	July 27	Interim 3.75			
*Lloyds Bank	Aug 3	Interim 10.66			
Lonrho	Aug 4	Interim			
*Mercantile House	July 31	Final 15			
*MFI	July 17	Final 2.3			
*Marley	Aug 8	Interim 1.2			
*Midland Bk	July 26	Interim 11.0			

* Board meeting intimated. † Rights issue since made. ‡ Tax free. § Scrip issue since made. ¶ Forecast.

COMPANY NEWS IN BRIEF

A turnround at **Hicking Pentecost** in the year ended March 31, 1984 meant that textile manufacturer and commission dyer reported a "modest" pre-tax profit of £26,000 against a loss of £346,000 last time. Turnover moved up from £11.24m to £13.41m.

The directors have decided they are unable to recommend a final dividend, making the last dividend paid the 1983 interim of 2p.

The dyeing division performance was greatly improved, contributing £265,000 against a previous loss of £136,000, but the knitting division loss deepened at £239,000 (£210,000).

Site rationalisation and overhead cost reduction in the latter sector will, the directors hope, assist a return to profitability.

* * *

With a final payment of 0.8p against 0.65p, the total dividend at **Greycoat City Offices**, property investment and development company, is increased from 1.15p to 1.4p for the year ended March 31, 1984.

Turnover moved ahead to £3.02m (£2.46m) and taxable profits were £2.47m, compared with £1.83m.

After tax of £386,000 (nil) earnings per 10p share were 6.5p (5.7p).

* * *

Difficulties with contracts in Saudi Arabia continue at George Dew and pretax profits dropped from £678,000 to a near break-even £10,000 for the six months to April 29 1984.

At the end of the full year pre-tax profits sameto £1.5m against £2.54m, and the directors reported difficult trading conditions and poor profitability.

Turnover of this civil engineer rose from £13.3m to £15.8m for the six months.

The net interim dividend has been held at 2.3p although Mr W. Arnold Barcroft, chairman, points out that this will require an £81,000 withdrawal from reserves. Earnings per 25p are shown as falling from 5.4p to 1.3p, after tax credits £93,000 (£244,000 charge).

* * *

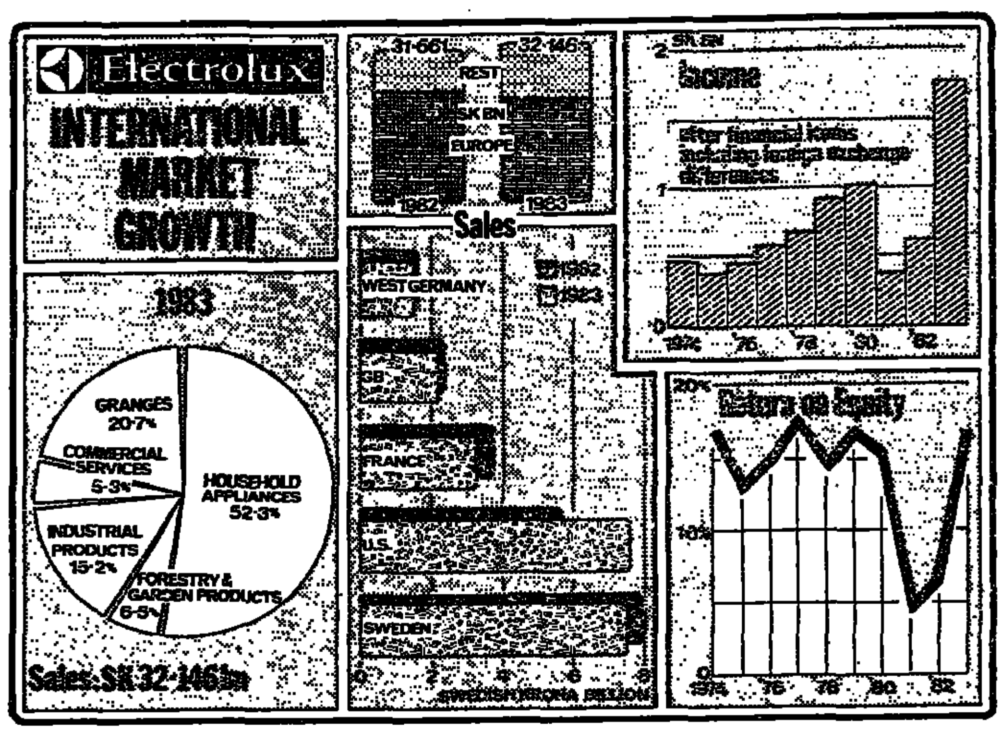
Dealings in the shares of **Carbury Resources** will commence on the London Stock Exchange on Thursday. The SE has granted permission for dealings in the existing issued I£1 ordinary under Rule 163 (3).

Carbury also states that the proposed issue of new shares in the company has been deferred. This action has been taken in view of the recent deterioration in stock market conditions. Following advice from Carbury's financial advisors, the directors have decided to postpone the placing until a more opportune time.

The company has arranged financing by way of loan stock which will enable it to pursue its activities.

MANAGEMENT

EDITED BY CHRISTOPHER LORENZ



Electrolux: ready for a big leap forward

Kevin Done reports on the Swedish group's latest expansion move

HANS WERTHEN is used to climbing mountains. In one 24-hour stretch last month he was both out on his favourite slopes on Switzerland's Matterhorn, as well as in Rome to negotiate the equally tricky obstacles posed by the Italian Government, unions, banks and investors on his way to Electrolux's hoped for takeover of Zanussi.

Werthen, 65 a couple of weeks ago, has led Electrolux since 1967 first as managing director and then as chairman. Handpicked by Marcus Wallenberg, the legendary Swedish banker and industrialist, to resuscitate Electrolux's dwindling fortunes in the late 1960s, he turned the group into Sweden's fastest-growing industrial corporation, masterminding its emergence as one of the world's biggest manufacturers of household appliances. *The* biggest if it clinches the Zanussi takeover.

Four big groups, Electrolux, Bosch-Siemens, Philips and Zanussi, currently vie for leadership of the European white goods market, but it is the Swedish group that appears most determined to force a further restructuring in this troubled sector, which generally has been plagued by overcapacity, stagnating sales volumes and unacceptably low profits.

The strategy followed by the concern's long-established management troika of Werthen, Anders Scharp, president, and Gosta Bystedt, group chief executive, has been remarkably consistent and was only shaken briefly at the beginning of the 1980s, when Electrolux overstretched its financial resources and had to pause to catch breath.

Starting from a small home base, like all of Sweden's multinational corporations, Electrolux understood that it had to establish a strong international market position with the resulting volume benefits in both production and distribution in order to have a cost structure that was at least on a par with its principal competitors, most of which enjoy large domestic markets.

The key factor in the growth equation devised by Electrolux has been a string of acquisitions, which have served to strengthen its traditional household appliance activities, while at the same time broadening its geographical presence and opening the way to entirely new product areas.

The helter-skelter ride of acquisitions over the last two decades has included the purchase of more than 100 companies in 40 countries. It has meant the integration of more than 300 units into the concern as the search for high production volumes and high market shares spread from the Nordic region into the rest of Europe and into North America.

Other competitors, such as AEG in West Germany, have also followed the tricky path of expanding through acquisitions, but unlike Electrolux they have often failed rigorously to restructure and concentrate production. For during the 15 years Electrolux has been absorbing a large number of production units through takeovers it has rapidly closed down or restructured many that were small and inefficient.

Electrolux itself still has room for improvement. In vacuum cleaners, for instance, where it is now the global market leader accounting for around 6m units of a world market estimated at 25m, it has still fully to integrate the series of acquisitions it has made in Europe in recent years. "The full benefit of our restructuring operations will be felt during the next few years," says Anders Scharp.

Electrolux has set out consistently to buy market shares because "starting from scratch on a market is expensive and takes time," says Scharp. "Company acquisitions are also one element in the restructuring of entire industries. In the European household appliances sector a process of concentration is going on where eventually only a few large manufacturers will dominate the market."

The strategy of gaining large market shares and establishing a broad geographical presence has also been applied to the new activities that Electrolux has developed from its traditional operations. It has used its experience in household appliances to develop commercial products. This has brought it into leading positions in semi-industrial laundry equipment, commercial refrigeration, sterilisation and disinfection equipment for hospitals and international commercial cleaning and laundry services.

It is one of the few companies in the commercial cleaning and laundry sector, for instance, that operates on an international basis. As well as having a strong position in Sweden cleaning offices and public places and industrial premises it is also building a significant market presence in Brazil, the Far East, the Middle East and the U.S.

Electrolux's expertise in absorbing companies is unrivalled in Sweden. With problem companies it has always tried to ensure that there were sufficient realisable assets available to help to finance the necessary restructuring. Thus, since the beginning of the 1970s the group has made capital gains of more than SKr 2.5bn.

It has also maintained a great degree of flexibility in picking out certain key products for further development or in disposing of assets which either failed to show the long-term profit potential to meet group targets or which appeared to have a better chance of prospering under other management.

Apart from consolidating its presence in traditional areas *some key acquisitions* have taken the group into new growth areas which themselves have then been developed through further takeovers. The acquisition of Husqvarna in Sweden in 1978, for instance, was made chiefly to expand Electrolux's grip on the Nordic household appliances market, but as a result it also found itself with a promising new business area in chain saws.

Through developing its own products and strategic company acquisitions Electrolux has emerged as the world's biggest manufacturer of chain saws with more than 20 per cent of the market. It has established a new business area in forestry and garden products, which is being expanded through the move into lawn mowers—including the takeover of Flymo in the UK. Profitability here has been unsatisfactory, but Electrolux sees in the lawn mower sector in particular a largely unstructured market with many small manufacturers which is ripe for the sort of restructuring it has already practised in other areas.

Through the SKr 725m takeover of the troubled Granges industrial group in Sweden in 1980—hitherto its biggest acquisition—the Electrolux management's capacity was put to a severe test, but Granges could still prove to be one of the concern's most profitable acquisitions. It has managed to liquidate all the principal loss-making activities in mining, steel, glassworks, shipping and railways.

Granges' hydro-electric power assets were sold off for SKr 1.2bn, and remaining is a group of essentially engineering companies making a range of aluminium and other metal semi-finished and finished products for the automotive, consumer goods, construction and engineering industries.

Some analysts are still sceptical about the long-term future of Granges in the Electrolux group, but in its restructured form it represents a considerable asset, that could be realised to provide funds for other activities closer to the core of the group.

Through the Granges takeover Electrolux also found new business growth areas, such as the manufacturing of car seat belts, which is now concentrated in the subsidiary Electrolux Autoliv. With sales now of around $80m Autoliv has rapidly emerged under Electrolux management as one of the fastest-growing companies in its *field in Europe with about 20* per cent of the market.

While Electrolux moves fast to rationalise and restructure *production and distribution of* companies it acquires, it is much more cautious with brand names—which is one reason why the size of the group (it has 88,800 employees) is often under-estimated.

Thus it is behind names such as Eureka and Tappan in the U.S., Therma in Switzerland, Husqvarna in Sweden, Atlas and Voss in Denmark, Arthur Martin in France and Progress in West Germany.

Confusingly in the U.S. one of the group's strongest competitors in vacuum cleaners is Electrolux, a brand name it sold as part of its disposal of the Electrolux Corporation to Consolidated Foods in the troubled late 1960s. Electrolux itself bought its way back into the U.S. vacuum cleaner market in 1974 through the National Union Electric Corporation. With the brand name of Eureka it is today vying with Hoover for U.S. market leadership with each group controlling about one-third of the market.

Operating in mature markets with often mature products, acquisitions must inevitably play a big part in guaranteeing the sort of 15-20 per cent annual sales growth which Electrolux is aiming at, although the development of new products and applications will also play a role.

Over the past 15 years or so the group's sales have averaged *an annual growth of 24 per cent,* with acquisitions accounting for a substantial part of the increase, but such a record begs the question of how profitable the operation has been.

After a successful run through the 1970s the Electrolux bandwagon did threaten to career badly off course at the beginning of the 1980s and the capital markets quickly became disenchanted with the slump in the group's fortunes.

It over-stretched its finances by borrowing heavily to fund its SKr 725m acquisition of Granges in 1980 and was then caught out and severely jolted by soaring interest rates.

At the same time the company was hit by the recession in the wake of the second oil shock, inventories swelled and profits plunged.

After two lean years, an action programme involving the disposal of unwanted activities, adjustment to new demand patterns, tighter financial control and a reorganisation of product lines has began to show results. Last year Electrolux's profits (after financial items) tripled to SKr 1.7bn on a sales increase of only 11 per cent to SKr 32.15bn. Both the equity and profitability ratios are again "up to healthier levels" insists Anders Scharp. The group's share price bounded up by 88 per cent during 1983. Profits are forecast to climb further this year to SKr 2.25bn.

With a stronger balance sheet—the series of disposals has released resources for the expansion of its principal lines of business — Electrolux has finished the pause for breath and insists that it is again on the warpath.

How Zanussi fits in

IF ELECTROLUX bags Zanussi it will be the unrivalled market leader in Europe. Having failed to acquire AEG-Telefunken's white goods operations in West Germany at the beginning of the 1980s—the terms of the Swedish offer were too tough—and having been frightened away by the price tag at the TI Group in the UK earlier this year, Italy's Zanussi represents Electrolux's best change to expand significantly its white goods operation in Europe. The takeover would correct the Swedish group's particular weakness in southern Europe. "It is a very good fit," says Anders Scharp. "There are not many overlaps."

In total, Electrolux would be putting up around SKr 900m to SKr 1bn to secure control of Zanussi, but in return it expects a far-reaching rescheduling and restructuring of Zanussi's L1,000bn of gross debt by the banks. It is seeking L200bn of interest relief over the next ten years.

Electrolux is planning to use Zanussi's production facilities to produce items that it currently buys in from other suppliers, such as tumble driers, washing machines and refrigerators, and the same holds true for components. The victims of the merger will be the small manufacturers in Italy, West Germany and the Eastern Bloc which Electrolux currently uses as suppliers. "These are the losers and they are chiefly the worried ones," says Anders Scharp.

Last year Zanussi produced 1.2m washing machines and Electrolux 356,000. In dishwashers Zanussi's output was 175,000, Electrolux's 200,000. In refrigerators and freezers Zanussi produced 2.4m and the Swedish group 1.9m, while Electrolux led in cookers with an output of 1.2m against Zanussi's 500,000.

Business courses

Interpreting accounts for the non-financial manager, Corby. September 4. Fee: BIM members £103.50; non-members £120.75. Details from Conference Department, BIM, Management House, Cottingham Road, Corby, Northants NN17 1TT.

Marketing management course, Brussels. September 3-7. Fee: Non-members BFr 64,000; members (AMA/I) BFr 58,000. Details from Management Centre Europe, rue Caroly 15, B-1040 Brussels, Belgium. Tel: 32/2/516.19.11. Telex: 21.917 mce b.

The basics of corporation tax, London. September 27-28. Fee: £205 plus VAT. Details from the Courses Department, The Certified Accountants' Educational Trust, PO Box 244, London WC2A 3EE. Tel: 01-242 6855 Ext 848. Telex: 24381.

Business presentation skills, Kent. September 4-7. Fee: £450. Details from the Client Services Director, Sundrige Park Management Centre, Bromley, Kent BR1 3TP. Tel: 01-460 8585.

Advertising: principles and practice, London. September 10-12. Fee: £408.25. Details from Seminar Department, CAM Foundation, Abford House, 15 Wilton Road London SW1V 1NJ. Tel: 01-828 7506.

The annual marketing plan: how to plan new for next year's profits, Brussels. September 3-7. Fee: Non-members BFr 64,000; Member (AMA/I) BFr 58,000. Details from Management Centre Europe, rue Caroly 15, B-1040 Brussels, Belgium. Tel: 32/2/516.19.11. Telex: 21.917 mce b.

Speechmaking and business presentations, London. September 24-25. Fee: £299. Details from Seminar Department, CAM Foundations, Abford House, 15 Wilton Road, London SW1V 1NJ. Tel: 01-828 7506.

"In search of excellence." the British experience, Welwyn. September 27. Fee: £240 plus VAT. Details from Contrast Conferences, 20 York Street, London W1. Tel: 01-935 9143.

Human resource planning and development, Brussels. September 10-14. Fee: Non-members BFr 64,000; Members (AMA/I) BFr 58,000. Details from Management Centre Europe, rue Caroly 15, B-1040 Brussels, Belgium. Tel: 32/2/516.19.11.

Unit Trusts—A major force in international investment, London. October 15-16. Fee: £373.75. Details from the Financial Times Conference Organisation, Minster House, Arthur Street, London EC4R 9AX. Tel: 01-621 1355. Telex: 27347 FTCONF G.

TECHNOLOGY

EDITED BY ALAN CANE

ELECTRONIC CONTROL

'Zoom' effect for network engineers

BY GEOFFREY CHARLISH

Energy Minister Lord Avon sees the GIS system in action.

A SMALL Perthshire company, Graphic Information Systems, *has* developed an active display system that allows control engineers to "zoom in" on the diagrammatic detail of electricity, gas, water or any other network.

At the moment area boards and similar organisations in *other countries* must consult paper drawings which have to be serviced by draughtsmen and may not be up to date. They can also be tedious and time consuming to use in the event of emergencies.

Some 14 man-years of software development has gone into the system, which has cost £300,000 to develop. It is already on trial at the North of Scotland Hydroelectric Board and the company has tendered *for* similar systems at three other electricity boards.

ENDS (energy network distribution system) contains all the interconnection and active device details of the network. It is connected by land line or *radio to monitoring devices* in the field that immediately communicate any change of state direct to the computer-stored diagram.

Managing director Ian Bilsland puts the total market for electrical network systems in the UK alone at over £25m, and worldwide at about £300m. He says: "Over half the world's electricity distribution networks were installed by the British."

A typical system for a large densely populated supply area costs between £3 and £4m. It needs 10 DEC 11/730 mini-computers and some 40 Ramtek display units deployed in geographical sectors of the region and at a central control point. At night, control would be switched to the centre.

With maximum magnification on the screen, the engineer can see detail down to the level of final transformers and, if desired, consumers. The view then *amounts to a "window" on a* diagram that would be several acres in size.

This is an indication of the amount of data stored; the initial task of data entry is considerable — the ten computer *system involves up to 18 months* of data entry work.

But the network can then be completely monitored and controlled from the keyboard and screen. For example, in the event of a fault on a particular 11kv (11,000 volt) cable link, the engineer can remotely operate breakers at the two ends to make it safe to carry out repair work.

He uses a stylus on an associated tablet to move a cursor to the appropriate points on the diagram and uses the keyboard to issue "open" instructions to the breakers.

JAPANESE MOVES IN OFFICE AUTOMATION

Toshiba puts networks underfoot

BY ROY GARNER IN TOKYO

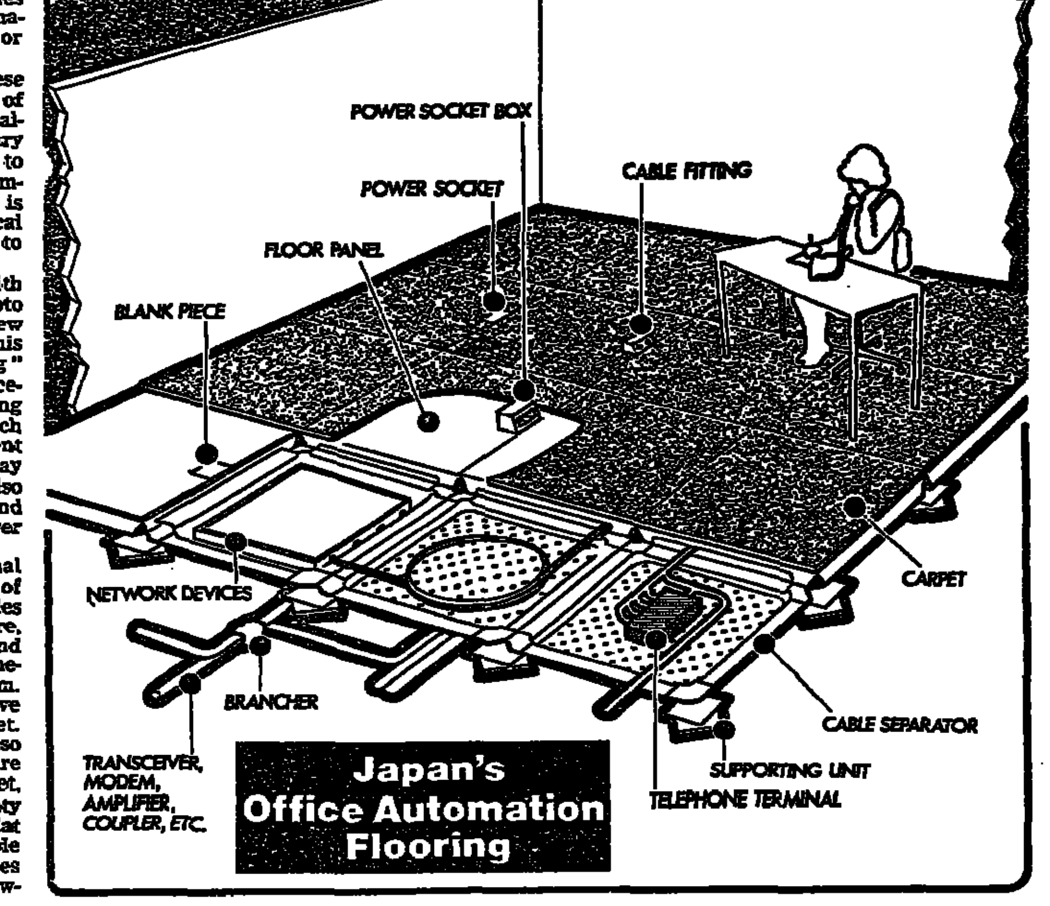
GROWING NUMBERS of companies in Japan are deciding to follow the trend of the times and introduce "office automation" O/A in one form or another.

One of the difficulties these companies encounter is that of safely and conveniently installing the wiring and ancillary equipment which is required to supplement the business computer terminal units. This is especially the case where Local Area Networks (LAN) are to be used.

Toshiba, in co-operation with Taisei Corporation and Toto Ltd., has come up with a new product designed to ease this problem. It is "O/A flooring" which can be installed piecemeal on top of the existing office floor surface and which puts all electronic equipment and cabling out of harm's way in a single operation. It also safely separates signal and *phone cables from the power* lines.

One of the conventional approaches to the "wiring" of the office *is* to squeeze cables in along the edges of furniture, and wedge junction boxes and so on into the most out-of-the-way corners of the room. Another way is simply to shove the cables under the carpet. But things are usually not so easy in practice. If cables are to be placed under the carpet, then fire and weight load safety laws require that special "flat cable" is used. This flat cable is very expensive and still does not solve the problem of stowing electronic devices.

In the spacious offices common in the West, this is *perhaps not so problematic, but* for many Japanese companies hindered by limited space, and an inability to move to new custom-built office buildings as part of their modernisation of office facilities, the O/A floor could prove a boon.



Toshiba's "O/A flooring" sweeps everything under the carpet

The standard size of each floor panel is 500 x 500 mm square, with a weight of 11.5kg, and the new floor would reduce the overall height of a room by about 100 mm. The maximum size of device which can be contained within each section is 385 x 385 x 43 mm.

Toshiba says that apart from solving the immediate problem of storing cables and auxiliary devices, the O/A floor could in the future allow an increasingly large number of the functional elements of O/A equipment to be removed from desktop units completely, leaving little else but a keyboard and display unit on view.

The company also claims that housing networking devices, such as trunk amplifiers and trunk couplers, in this way can remove the need for development of these items as custom LSI, as at present.

The O/A floor can withstand a localised load of up to 500 kg in standard form, and the use of small in-built flaps allows for extra accessories to be inserted in the flooring without disturbing the general floor structure.

Hiroshi Kobayashi, a researcher in Toshiba's Electronics Equipment Laboratory, commented that the value of the O/A floor may soon be recognised even in countries less space-conscious than Japan because of the pressing need in O/A installations for an ultra high level of equipment reliability.

Japanese companies usually *demand* an MTBF (mean time between failure) of 1m hours in the case of LAN's, and one hour in 20 years for telephone equipment.

Kobayashi says: "There will be confusion in the end" in *offices which do not use an O/A* floor approach, especially as the number of devices required in the office increases. He also argues that it is a more cost effective method than the "under the carpet" approach. With flat cable currently priced at around Y7,000 a metre. Toshiba claims there will be an overall saving in equipment and maintenance costs of 3 or 4 per cent within three years.

The standard panels are made of GRF (glass reinforced concrete), and two people can install about 25 square metres of flooring in three to four hours.

Of the 10m square metres a year of new office buildings constructed in Japan, one-tenth are expected to install the O/A floor. The market size is estimated to be two or three times as large in the case of old buildings.

Toshiba estimates the annual market potential at Y65bn growing at 30 per cent a year, and reaching one *trillion yen* after ten years. The companies are also interested in technology licensing abroad.

Telephony

Conference service established

DAROME INCORPORATED, which has established a $4m business in providing telephone conferencing services in the U.S., *has opened a similar* operation in the UK.

Organisations wishing to use Darome's service can pay to conduct a single conference, or a series held on a regular basis. They need no equipment—just *sufficient phones on* their premises for the number of people taking part.

The Darome centre at Wimbledon (01-879 1000) provides the necessary "bridge" equipment to interconnect the participants. But only one person can "hold the floor" at a time. The system is voice switched so that whoever speaks first seizes the equipment and is heard by all the others.

Interruptions are possible, since the voice switch acts very quickly—so the situation is basically no different to a conventional meeting of people in the same room.

But normally a meeting would be chaired by the execu*tive or other person who has* called it, maintaining some level of discipline. As many as 200 locations can interact and Darome will provide general guidelines as well as individual advice on how to hold a successful phone conference.

The customary claim for teleconferencing—that travelling costs are cut down—is not being over-emphasised by the company, although it believes savings can result. Marketing director Mr Chris Purkiss thinks the service will simply provide better communications and produce faster decisions.

Operator assistance is immediately available during a conference, with audio quality monitoring throughout. Unscheduled participants may be drawn in and if someone wants to withdraw they can do so without disruption.

Costs depend on time, distance, number of participants and how the conference has been set up. Typically however, if 10 participants have called in at a pre-arranged time (paying their own phone bills) and the conference lasts for an hour, the cost is about £140. If Darome calls out to the partici*pants to bring them into the* conference, there will be additional charges for the calls, plus 20 per cent.

Instruments

Portable safety instrument

THE MACHINE Tool Industry Research Association is offering a new portable timer for checking the stopping performance of a press or press brake.

Designed primarily for photo-electric systems, it can easily be adapted for use with other types of safety system and can measure the stopping time of both linear and rotary motions as in rotating spindles, moving tables or the *blade of a press or guillotine.*

It is battery operated and hand-held and is capable of measuring from 0.0001 seconds to 200 seconds in ranges 2, 20 and 200.

It costs £250 plus VAT. More on 0625 25421.

Photocopiers

High volume system

OCE COPIERS has launched in the UK a plain paper system to meet very high volume copying requirements.

Called the Oce 1825, the *new machine is claimed to* make Oce one of only two manufacturers able to offer a complete range of equipment from "localised" low volume copying through medium volume self-service operations *right up to centralised* reprographic printing.

The 1825 machine is equipped with what Oce calls automatic background compensation—in other words, it makes possible consistent reproduction of high quality copies from originals of different quality and with varying background colours.

Now Japan is hailed as the centre of managerial excellence, management education and training in the West are moving away from teaching systematic control and analysis. The trend is towards courses to develop entrepreneurial flair and leadership skills geared to the specific wants of a particular organisation

Management Education & Training

An in-house company video programme for managers. Below: the practical side of management, consultation on the shop floor

Ivory tower attitude comes under attack

By Michael Dixon

"THERE is now a growing interest in management education, and it is expected that in the next few years the increased quantity and quality of management education of all kinds will be making an important contribution."

SO SPOKE the UK National Plan of 1965. It was not only the Labour Government of the day that was confident that courses in management, especially in the business schools then being set up on the U.S. model after the *Franks report* two years earlier, would be decisive in achieving national economic growth of 4 per cent a year.

Similar faith was widespread throughout the nation—and in other countries—amid the general enthusiasm of the 1960s for educational expansion across the board. The failure of those expectations needs no chronicling.

Today there is every sign of "a growing interest in management education" again. But the types of course drawing increased demand in countries hopefully emerging from recession differ markedly from the types most favoured two decades ago, when the world's centre of managerial excellence was commonly thought of as the U.S., and not Japan.

The assumption in those days was that management was something which could be formulated clearly and taught by experts who knew the answers. That notion, like the belief which supposed a nation's economic progress could be planned and directed by highly trained economists has largely crumbled under the pressure of market forces.

Few, if any, management schools in mixed-market countries could survive any longer by simply handing down to students what their teaching staff already know. Success depends more and more on finding out what potential clients want to learn and will pay for, and then trying to devise programmes that do the job required.

Tailor-made

There has been a shift away from relatively long courses centred on general principles and supplied by the schools off-the-peg, as it were, for attendance by managers from a wide range of different organisations. The demand is increasingly for short programmes tailor-made to the specific wants of a particular organisation as elements of its in-house management development activity.

By the same token there has been a swing away from the teaching of a well-researched body of knowledge and scientifically established techniques, especially of quantitative analysis. Conventional lecturing has given ground to the counselling of practising managers on practical ways of being more effective in their everyday work.

Far from knowing the answers in advance, today's management teachers often have no clear idea of the problem until they have winkled out an understandable definition of it from the students in their class.

The vogue for so-called discovery- or action-based learning (discussed by Judy Lowe in a separate article in this report) contrasts sharply with the attitudes of the 1960s when management schools behaved as though they were certain what combination of knowledge, skills and attitudes form the basis of effective managerial performance.

The prevailing view then was that good management is essentially an intellectual process. Top managers were seen ideally as trained thinkers in the academic mould who applied logical rules scientifically to inputs of information so as to reach rational decisions on what should be done.

The decisions were then passed down to be implemented, in line with equally rational procedures drawn up at the top of the organisation, by its lower-ranked employees.

Accordingly the best way to produce an improved managerial workforce was believed to be by extending the academic educational process. Top executives of the future would be cultivated by taking young people who had shone in the examinations at bachelor-degree level and continuing their academic training in economics, quantitative analysis, behavioural studies, and so on, during a lengthy post-graduate course.

The model usually favoured was the programmes leading to the degree of Master of Business Administration (MBA), long established in U.S. business schools such as Harvard, Wharton, Stanford, and the like.

Besides the MBA-type programmes for the future high-flyers, the specially constituted business schools and the management departments within universities would provide shorter courses in general management for executives already employed at senior and middle rank, and brief training programmes in specific managerial techniques.

A similar menu would be offered in the polytechnics and colleges, supposedly better equipped than universities to meet the particular needs of companies in their localities. There would also be more elementary courses of management studies for 18- to 21-year-olds at bachelor level.

Assortment

On that broad design a network of schools—private as well as publicly financed—was fairly soon offering an assortment of programmes in Britain. France developed managerial studies within its different post-school education system.

Other countries, including West Germany, did not go as far as to build management programmes specifically into their educational structure. But a demand sprang up almost across Europe for courses founded on much the same assumption that management is essentially an intellectual process which can be taught academically in classrooms removed from the real working world.

Perhaps because the view of management as a science originated with Fred W. Taylor, an engineer, in the U.S., the newly developing programmes elsewhere relied heavily on U.S. teaching methods and underlying notions. Many were led by imported American management professors.

Around the start of the 1980s, however, even those same professors could no longer plausibly deny that the palm for managerial excellence had been usurped by Japan, where business schools on the U.S. pattern are noticeable only by their absence.

The urge of U.S. business to blame its loss of face on the old-established, emphatically academic management education was both reflected and increased by the best-selling book In Search of Excellence*. Written by Tom Peters and Bob Waterman while they were working for the McKinsey management consultancy, the book was acclaimed by practising executives across the western world.

The two authors used the successes of various large corporations to exemplify the virtues of outward-looking styles of management founded, not on systematic controls and painstaking analysis, but on entrepreneurial flair and leadership skills which united the workforce behind the company's values and objectives.

The book's well-wrought arguments built on what seems to be almost a constitutional antipathy in the west for bureaucratic structures. This antipathy had already been tapped in 1970 by another best-seller — the iconoclastic Up the Organisation by Robert Townsend, prime mover behind the rise of Avis in the 1960s, and republished in an updated edition

Whereas Townsend's original onslaught brought belly laughs and approving nods but little alteration in management schools' policies, his revised version arrives with ambitious attempted changes well in train.

The schools in general are overhauling their programmes with the aim of increased emphasis on the so-called soft aspects of management — entrepreneurship, communicating with customers and influencing public opinion, and leadership — and developing technological literacy among executives of all kinds.

Concentration

To the extent that their previous concentration on the systematic approaches and analytical techniques beloved of scientific management was unjustified by their practical usefulness, the reforming impetus can do only good. But it is important that the fashionability of the softer aspects among the customers in the market place, should not lure the schools into under-*emphasising the older, harder* foundations of their teaching.

Although there are plenty of promising methods for developing the softer skills, it is far from sure that these can be imparted to large numbers of managers many of whom are deficient in fairly elementary intellectual skills of their craft.

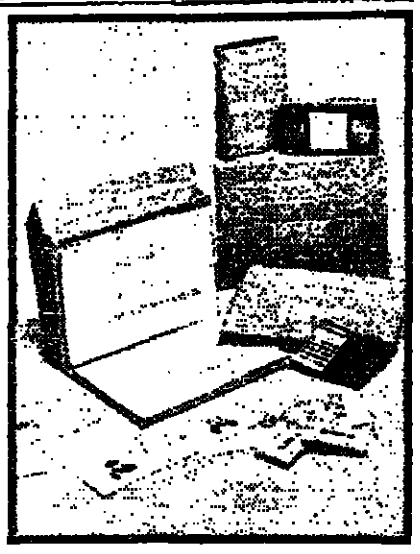
It may be true that schools' face-to-face teaching will have less and less need to attend to such basic skills as aspiring executives are enabled to acquire them largely by home study through the distance-learning programmes pioneered by Britain's Open University and Henley management school, like the financial course reviewed elsewhere by Jon Webb. But no advance in the technology of learning will ever do away with the need for an underpinning of rigorous intellectual standards.

Without a continuing insistence on ever more exacting intellectual rigour not only in management schools but in the earlier stages of formal education too, the efforts to bring management teaching more firmly into line with management practice are liable to cause at least as many problems as they solve, and more fundamental problems at that.

**Harper and Row £12.50.*

***Further Up the Organisation. Michael Joseph. £8.95.*

Management Education and Training 2



A student equipped for the distance learning system of the Accounting for Managers course and some of the videos, tapes and texts

The key to success is motivation and planning

Distance learning

JON WEBB

DISTANCE LEARNING has still to develop to its logical, and perhaps inevitable, conclusion. That will be when it is no longer necessary for the student to be present while the learning is taking place.

For anyone who has had to struggle through some of the computer software self-tuition programs which are increasingly being developed for business applications, that might not be a bad thing at all. For most of us though, unless you subscribe to the theories of the Bulgarian doctor, Lozanov, who maintains that the human brain is capable of learning while in a deep relaxing sleep, the prospect continues to be a lot of hard work if we want to learn anything.

I have been sampling one of today's distance learning systems, developed by the Henley Management College for those managers or would-be managers who are unable to spare the time to attend one of the Henley residential courses.

The multi-media presentation of the Accounting for Managers course material — video tape, audio cassette and plain old text — is designed to free you to choose when, where and how fast you work, without deadlines, exams or fixed tutorials.

While the absence of teachers or exams might at first seem a rather nice idea, dealing with a video tape and cassette when trying to learn present their own problems. Quite apart from the actual information you are trying to learn, the way in which you go about learning can take quite some time to master.

Open outlook

I definitely fall into the category of someone who had forgotten most of whatever formal learning skills he ever had. Although only five years away from university, the period since I walked out of my last exam has been marked for its lack of structured tuition of any real kind.

It was not a deliberate decision on my part, unlike some of my friends, who vowed never to get involved in anything which might result in exams again, I kept a very open outlook. Like, I suspect, many people, my attitude was changed dramatically when I got a job and started on the path of a career.

From being a relatively free spirit, receptive to most of the learning available, you are suddenly in a totally different environment which demands different skills and imposes different priorities.

Of course you are still learning, but unless your career choice requires you to go through continuing vocational training, like the law or accountancy for example, the way in which you find out about your job, the company you work for and the business community in which it operates is usually wholly unstructured.

The aim

It is for people who find themselves in such a position, of course, that the Henley Management College is aiming. The distance learning programme is being developed for the many people who are unable to spare the time or whose firms are unable to spare them, to attend traditional residential or day release courses and who find the prospect of evening or correspondence classes too restrictive.

The Henley system almost resembles a portable Open University style of tuition but without the rather anti-social hours of the broadcast OU material. What benefits the invention of the home video recorder must have brought the poor OU student!

I suspect that most people who find themselves opening up the box which contains the Accounting for Managers course will soon discover, as I did, that they launch themselves into the learning process without enough, if any, preparation.

After a keen start, with the video playing and the workbooks open, they will very soon have put it all to one side and only start again in earnest when they have sorted out a timetable of when they will devote themselves to the course.

Trying to pick up the course during the odd half-hour between News at Ten and the late film will not work as I found out, despite what the course description says about working at your own pace and in your own style. The key to it all has to be motivation and planning.

The motivation could well be provided by having to buy the course in the first place or by being assessed by a company training officer if it was bought by your firm. The planning can only really be done by the person taking the course.

In my case the 100 hours which the Accounting for Managers course is reckoned to require looked like a pretty reasonable two or three hours work every other day. In practice it turned into something like three hours once a week with an occasional blitz after I had worked out that it was going to take more than six months to finish. The time scale begins to stretch even further away if you leave the course *completely, for a holiday or* business trip, for example. The audio cassettes are provided as a means of portable revision but I should imagine they would be low on most people's list of holiday packing.

Accounting for Managers is the first in a series which Henley plan to produce, to be taken singly or as part of a total package leading to a Diploma, a Certificate of Advanced Study or an MSc in Management Studies. If the distance learning path is taken to reach Diploma, Certificate or MSc level, then both essay material and exams will be required, as well as tutorials and seminars.

Accounting for Managers is aimed at non-financial managers who want to use accounting and financial information to make better decisions. It also sets out with the very worthwhile intention of preparing the manager to communicate with, as the course notes put it, "a member *of a race apart, an accountant.*"

The four workbooks which make up the core of the study material cover the areas of accounting principles, terminology and concepts; planning by means of budgets; managing the results and dealing with changes and, finally, presenting and interpreting published accounts.

Throughout the workbooks, exercises are set to test understanding of the material covered as well as to enable the student to get used to manipulating the financial information. Each of the workbooks fits into the workstation provided, which is a sort of folding ring binder which allows the answerbook for the exercises to interleave with the workbook so that the correct sequence of exercise/answer is always maintained.

The interleaving presents a few problems of its own if you want to go back to recap a particular point, but the greatest problem I found was that it is easy, especially when dealing with some of the thornier problems of accounting, to persuade yourself that you understand and to flip on to the next page.

The exercises often only cover a point once and, if you miss it first time round, you only get one chance. To give them their due, though, the answers to the exercises do tend to explain the reasoning behind them, they rarely just present facts and figures.

Case study

The second and third workbooks are supplemented by a case study which follows the management team of a semi-fictional paint manufacturer through their budgeting, control and decision-making processes. In the video, which introduces the course and each separate study session, there is a dramatised version of the case study which brings to life the same management team as they grapple with their budgets and forecasts; a sort of combination of Dallas and The Money Programme.

The video also provides visual stimulus in the way of panel discussions of the finer points of the material covered and interviews with managers in industry about their own methods.

The last element of the course is provided by two audio cassettes, *each side of* which provides revision for one of the workbooks. The cassettes are meant to be played wherever you are; at home, in the car or even on a portable cassette player.

Having used them in this last way myself I now look more carefully at all the other people I see with headphones on as they go to and from work to see if I can detect any other commuting distance learners — I look for worried frowns instead of lips moving to music.

If you need it there is the rather daunting sounding "Henley Hot-Line" available which promises a course counsellor at the end of a telephone line to offer advice on day-to-day problems.

I think I was a little put off by the prospect of having to ask for help as much as by the fact that most of my particular problems occurred at odd hours of the night when I doubt if even the most caring counsellor would have been appreciative of a call.

The style of the course is always low key, with diagrams and cartoons widely used to help illustrate the workbooks. The video also treats the student quite lightly, with comments like "hang on in there" and "take five," flashed onto the screen at relevant study or rest *points.*

Each stage of progression through the course, from video to workbook to case study and back again is clearly labelled with the right instruction in the right place, though there is a "course map" which comes in very useful when the occasional inevitable confusion sets in and you need to check on where you should be next.

Accomplished

With the exception of the odd point left hanging in mid-air—not really surprising when the complexity of some of the accounting conventions in force are considered—and which anyway would never be expected to be important to most non-financial managers, the course covers a great deal of ground in a very accomplished way.

Just how much a manager gets out of the course will, I think, depend on his previous level of competence with figures and on the opportunity he *gets to put his new-found* knowledge into practice back in his firm.

If he starts with no previous knowledge or very little, then by the end of his studies he should have a pretty solid grounding in the principles and basic practice of management accounting. The people who, I think, will get most from this particular course are those managers who have a little knowledge, or at least have to prepare budgets according to predetermined guidelines laid down by the company accountants. Once they have completed the course they should be able to understand the reasons they had been doing things the way they had and to understand more fully the terms which they had previously only been vaguely familiar with.

As a financial journalist, it was the feeling similar to a curtain being lifted as terms and expressions I thought I understood were explained and put into their rightful context which I found most rewarding. All that remains is for the Henley College to prepare a course entitled Managing for Accountants. If they do, then maybe the firm's accountants might begin to understand why the managers are operating in ways which make no sense to them.

Management Education and Training 3

From company man to action man

Action learning

JUDY LOWE

"I suppose what you're talking about is simply making people much better at their jobs."

"It's just learning by doing. And that's what people here have been doing for years!"

THOSE CONTRASTING reactions are typical in everything except their brevity of the arguments that have been raging around action learning for some 30 years. Is is really the greatest breakthrough in management learning since the war, because it focuses on the performance and potential of managers not their companies? Or it is merely the latest jargon labelling of the obvious by the behaviouralist school of trendy industrial relations analysts?

The first principle is simple: let managers learn about their own job problems by tackling someone else's. Maybe in their *own company, maybe in their* own industry, maybe in a completely unrelated field.

Examples of the latter are now rare and becoming rarer, but do tend to be headline-grabbing, like the exchanges a few years ago between the military and a West Country firm of cider-makers.

The very first experiences swapped high-flying bank executives with senior oil men. However (and in trying to encompass the ever-changing form of action learning there tend to be a lot of "howevers") this was not seen as a practical option for all managers and the Institution of Works Managers began a programme that kept staff in their existing jobs, but allowed half a day per week for them to meet and work in the "sets" that are fundamental to action learning.

The set then becomes the sounding board against which managers test their own perceptions and learn about change as they tackle problems.

Job problems

If at this stage the idea of a "set," a group of workers coming together to examine job problems begins to sound familiar, you're right. It is the basis of Japanese Quality Circles. The story of how this happened has now passed into legend, but merits retelling as it takes action learning back to its roots and the name that will always be associated with it, that of Reg Revans.

It is 1947 and Reg is Education Director of the Coal Board, part of a powerhouse group charged with overseeing coal nationalisation that includes Jacob Bronoswski, Sir Geoffrey Vickers and Fritz Schumacher. Revans, by background a renowned Cambridge statistician, has the idea of using statistical techniques to test the impact of his training programmes.

The abysmal results so horrify him that he disappears from the scene for two years. He emerges, having spent the time as an ordinary coal face worker, with ideas that form the core of understanding of how *adults* learn. He originates the concept of "learning circles," a *group of workers who provide* each other with support and constructive criticism.

There the matter might have rested, had it not been for a visit by the Japanese Productivity Council to examine their problems of quality. The report *written by the JPC on their* return makes it clear that they did not learn a great deal about quality, but they are interested in Revans's "Learning Circles."

They apply the concept to their quality problems, and the rest of the world spends the next 30 years trying to replicate Japanese quality circles. Thus at least the legend.

Since those days Professor Revans's name has dominated debate, despite some more recent practitioners' attempts to reduce what they term the method's "Regcentricity." Mike Pedler's new book on Action Learning in Practice contains references to 25 papers by Revans on the subject.

Nevertheless, or maybe that should be "however," action learning has moved on, from its early testing days in GEC and has become a diverse package of learning activities with a common core of those sets of five to six people offering mutual support in problem-solving under the guidance of a se adviser.

As Pedler points out, "the influence of action learning ideas is now far more widespread than those educational designs that bear the name."

Today there are action learning organisations offering help to companies in more than a dozen countries around the world from Australia to Sweden, Bahrain to India.

Action learning methods have become an accepted feature of *the programmes in leading* business schools in the UK, Europe and the States, including the Manchester Business School, the Inter-University Faculty in Brussels, the Irish Management Institute and McMaster University, Canada.

In the UK, the International Management College at Buckingham is now working on an entirely-action-learning-based MBA, sponsored by participating companies.

So what does action learning offer that has got companies and organisations as diverse as GEC, the Indian Coal Board, Dunlop, Plessey, and the State Government of Victoria so excited? Bob Garratt, one of this country's leading exponents of action learning sees its success in its relevance to the problems harassed managers face on an everyday basis: "For any organisation to survive, its rate of learning has got to be equal to or greater than the rate of change in the environment. Action learning lets organisations change by learning to make better use of their management resources."

Managers are not taken into some artificial academic environment; a realistic length is set to the programme; and the problems discussed in the sets are those that managers and their organisations are dealing with now. A.L. lets them and their companies change, adjust and grow.

More importantly, Mr Garratt believes, if done in the right way, action learning can maximise the effectiveness of a company freeing top management for strategic decision-making and planning because *the managers further down the* company have become more capable of taking responsibility for day-to-day operational issues through their use of action learning sets.

This does however presuppose another key feature of AL: that top management is convinced of the validity of the method and the answers the sets produce and is prepared to change as a result, accepting qualified risk-taking as part of the solution.

British Telecom set up two groups that ran over eight months examining a first line engineering management problem. The difference was that for one group, the engineers, this was their problem.

For the others, the managers from elsewhere in the company, it was an external problem to which they brought a completely different approach and radically differing solutions.

What made the exercise valuable to BT was that both sets' solutions eventually contributed far more to the problem resolution than either set alone could have done.

That problem resolution is a key point in action learning. Any programme is only as good as the practical action it generates in-company. Few other forms of training can boast such direct and obvious results.

More particularly, in today's economic climate it can claim to *be one of the most cost-effective* means of staff development available. It also lends itself to a variety of problem situations: a small Midlands engineering company used it to divest a senior manager of an—unproductive—40 per cent of his *workload.*

Other day-to-day problems have included a marketing re-organisation in the face of the market leader's change in strategy; solving problems with maintenance engineers on the introduction of robotics; managing differential performance by shift supervisors and handling a neurotic boss.

But does it actually work? Yes, believes a senior executive at Plessey, where action learning was first used to train the *trainers and improve their* understanding of management issues.

"We use it to solve very real problems. You have to balance it as one part of the training armoury when and where it's appropriate. We're doing a hell of a lot, and this is part of it. But an increasing number of senior managers are seeing it as more and more important. They are used to innovation in technology and welcome innovation in other areas."

For those who come from the hard number crunching end of management there will always be some doubts about action learning. But as the Plessey quote shows, any technique that is equally acceptable in Stockholm and Singapore, British Aerospace and the BBC should no longer need to prove its effectiveness in improving business performance.

Demand for MBA courses holds steady

International institutions

MICHAEL DIXON

HOPPING ON a bus in Shanghai not long ago, Professor Hawrylyshyn sat down beside an elderly Chinaman who asked if he spoke English, and then enquired why was he in the city and where had he come from. *The professor replied* that he was there to teach a seminar in his capacity as head of the Geneva-based International Management Institute, formerly called CEI.

It was a small world, he added because the institute really originated with the visit of some Chinese metallurgists to North America during World War II. They were sent by the Nationalist China National Resources Commission to learn enough about aluminium to set up their country's first plant to produce it.

They ended up at Alcan, which appointed a metallurgist called Paul Haenni to teach them about aluminium during the day. Realising they would feel isolated in the evenings, he hospitably invited them to his home after working hours. In those sessions they talked about the cultural and other differences between their countries and, since several of the group had travelled fairly widely, the characteristics of other nations as well.

When the Chinese were asked to report back on their progress, they wrote that they were learning a good bit about aluminium but, more importantly, developing a better understanding of how the world worked.

Someone sent a translation of the report to the top management of Alcan which told Mr Haenni to set up a college to develop a similar understanding among the company's multinational force of executives. Hence the Geneva-based institute, which became independent *of Alcan and formed* links with the city's university in 1956.

The Chinaman on the bus then said it was a small world indeed. He had worked for his country's Natural Resources Commission during the war and had read the very same report.

As Mr Haenni's successor at the institute, Professor Hawrylyshyn still maintains that developing working understandings between people holding decisive jobs in different societies is the prime task of specifically international management schools. Others in Europe include Insead centred at Fontainbleau and IMEDE based at Lausanne.

Their MBA programmes have apparently held up well even though, in the aftermath of America's losing the palm for *managerial excellence* to Japan, much of the U.S. business world turned to berating MBA graduates produced there as being among other things greedy, self-seeking, analysis paralysed, technologically illiterate bureaucrats.

While such off-the-cuff criticisms have been suffered by the human products of the master's degree courses of UK management schools almost from the outset, they were something new to the longer-pedigreed *American* breed.

While U.S. and UK schools may sacrifice some of systematic approaches and analytical techniques traditionally taught in such programmes in favour of less intellectually rigorous studies of leadership and customer relations, Professor Hawrylyshyn does not expect his institution to go much farther in that direction than it has done already.

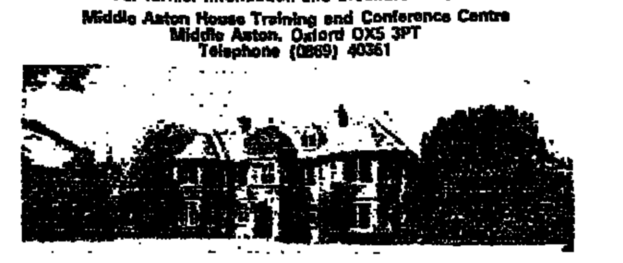
"Sensitivity to the needs of your customers and workers and so on is important but it doesn't *provide you with all you need* if you're to manage well. You still have to know how to structure your capital, lay out your production process, and engineer and launch new products, for instance," he says.

Even so, he feels that much *good could come from the shift* of interest in the U.S. towards managerial abilities such as entrepreneurship, motivation and deep understanding of the product as distinct from intellectual skills which can be hired in almost ready made from con*ventional courses.*

"It appears that management sometimes needs a new fashion to ventilate organisations, to revitalise them. It has led some companies to commit themselves much more to internal management development, *which should surely do good.*"

It would surely do good also if that message could be written in massive letters on the office walls of the many top executives in the UK among several other places who continue to believe they can buy in the skilled people they need, rather than make them in-house by their own staff development processes.

As Professor Tom Kempner of the Henley management college has pointed out, West Germany as well as Japan have been managerially successful without benefit of specialist management schools of the sort set up in the U.S. and UK. But another difference is that employers in Japan and Germany regard themselves as almost duty bound to provide effective in-company training. Aspiring German engineers in particular are required to study management as well as the practical applications of engineering as part of their undergraduate courses.



Closing prices, July 13

NEW YORK STOCK EXCHANGE COMPOSITE CLOSING PRICES

12 Month High	12 Month Low	Stock	Div.	Yld.	P/E	Sls 100s	High	Low	Close Quote	Ch'ge Prev. Close
21	13¾	AAR	.44	2.1	21	23	20¾	20½	20½	−⅛
18⅝	13⅝	ANF	.50	3.2		116	15⅞	15½	15⅝	−⅛
41⅞	26⅝	AMRCp			5	2530	29	28¼	28½	
20⅞	17¼	AMR	pf2.18	11		23	19⅛	19⅛	19⅛	
41½	29⅝	AMR	pf2.13	6.9		287	31¼	30¾	31¼	−⅛
25½	23	ANR	pf2.67	12		2	23¼	23¼	23¼	
55⅞	40¾	ARA	2.10	3.9	12	4812	u55⅛	54½	55	+½
72⅝	49½	ASA	3a	5.8		571	52½	51½	51½	+⅛
30¼	17	AVX	.32	1.5	15	338	19⅞	19½	19⅞	+⅞
53⅛	38¾	AbtLab	1.20	2.9	14	1847	42⅞	41½	41⅞	−⅛
30¼	23¾	AccoWd	.60	2.0	18	220	29⅝	29⅛	29⅛	−⅛
27⅛	15¼	AcmeC	.40	2.6		35	15⅛	15¼	15⅛	
12¾	8½	AcmeE	.32b	3.7	24	79	8¾	d8¾	8¾	+⅛
24⅝	11	AdmDg	.04	.3	7	18	12⅞	12¼	12⅞	−⅛
18¾	15	AdaEx	2.11e	14		29	15¼	15⅛	15⅛	
19¾	12½	AdmMI	.28	2.1	6	7	13⅛	12⅞	13⅛	+⅛
22	13½	AdvSys	.211	5.3	15	59	15⅛	15⅛	15⅛	+⅛
18¼	7⅞	Advest	.12	1.4	11	137	8⅝	8½	8⅝	+⅛
37½	25⅛	AMD	s		17	4672	29⅛	29⅛	29½	+⅛
22½	5⅝	Aeflex			11	11	11⅝	11⅛	11⅝	−⅛
38⅞	28¾	AetnLf	2.64	9.3	15	1233	29½	d28½	28⅞	−⅜
59⅞	54	AetL	pf5.48e	10		125	54⅞	54⅛	54½	+⅛
35¾	15⅛	Ahmns	1.20	6.0	5	1019	20⅛	19½	19⅞	+⅝
7⅞	2½	Aileen				45	3⅛	2⅞	3⅛	+¼
51	36½	AirPrd	1	2.5	10	916	40	39¼	39⅞	+⅛
30⅝	15⅛	AirbFrt	.60	3.6	10	28	16⅝	16½	16⅝	+⅛
3⅞	1¼	AlMoa	a			88	3¼	3¼	3¼	
27⅛	21	AlaP	pf2.15e	10.		320	21¼	21⅛	21¼	
32¼	25⅛	AlaP	pfA3.52	14		9	28⅝	28⅝	28⅝	+⅛
7⅞	6	AlaP	dpl.97	13		1	6⅝	6⅝	6⅝	
73½	61⅝	AlaP	pf.9	15.		z210	61½	d61½	61½	−⅛
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Continued on Page 25

AMERICAN STOCK EXCHANGE COMPOSITE CLOSING PRICES

Closing prices, July 13

12 Month High	Low	Stock	Div.	Yld.	P/E	Sls 100s	High	Low	Close Quote	Ch'ge Prev. Close
[illegible]										

Continued on Page 26

NEW YORK STOCK EXCHANGE COMPOSITE CLOSING PRICES

Continued from Page 24

12 Month High	Low	Stock	Div.	Yld.	P/E	Sls 100s	High	Low	Close Quote	Ch'ge Prev. Close
[illegible]										

X–Y–Z

12 Month High	Low	Stock	Div.	Yld.	P/E	Sls 100s	High	Low	Close Quote	Ch'ge Prev. Close
52½	35	Xerox	3	8.2	8	1341	37⅝	36½	36¾	–⅝
37	21¼	XTRA		3.1	6	33	21½	d20½	20½	–¼
34	24	ZaleCp	1.26	5.0	8	19	25¼	25	25¼	+½
26½	19¼	ZaleptA	.80	4.1		2	19½	19½	19½	+⅛
24⅝	15½	Zapata	.84	5.3	10	1195	15⅞	15⅝	15⅝	+⅛
47½	28¼	Zayre	.40b	1.1	11	286	38	37½	38	+½
38⅝	22½	ZenithE			9	649	23	22⅝	22⅝	–¼
27⅝	18	Zero	s .36	1.7	17	2	21¼	21¼	21¼	
34	21⅛	Zumin	1.32	5.6	12	28	23⅝	23½	23⅝	

Sales figures are unofficial. Yearly highs and lows reflect the previous 52 weeks plus the current week, but not the latest trading day. Where a split or stock dividend amounting to 25 per cent or more has been paid, the year's high-low range and dividend are shown for the new stock only. Unless otherwise noted, rates of dividends are annual disbursements based on the latest declaration.

a–dividend also extra(s). b–annual rate of dividend plus stock dividend. c–liquidating dividend. cld–called. d–new yearly low. e–dividend declared or paid in preceding 12 months. g–dividend in Canadian funds, subject to 15% non-residence tax. i–dividend declared after split-up or stock dividend. j–dividend paid this year, omitted, deferred, or no action taken at latest dividend meeting. k–dividend declared or paid this year, an accumulative issue with dividends in arrears. n–new issue in the past 52 weeks. The high-low range begins with the start of trading. nd–next day delivery. P/E–price-earnings ratio. r–dividend declared or paid in preceding 12 months, plus stock dividend. s–stock split. Dividends begins with date of split. sls–sales. t–dividend paid in stock in preceding 12 months, estimated cash value on ex-dividend or ex-distribution date. u–new yearly high. v–trading halted. vi–in bankruptcy or receivership or being reorganised under the Bankruptcy Act, or securities assumed by such companies. wd–when distributed. wi–when issued. ww–with warrants. x–ex-dividend or ex-rights. xdis–ex-distribution. xw–without warrants. y–ex-dividend and sales in full. yld–yield. z–sales in full.

WORLD STOCK MARKETS

OVER-THE-COUNTER

Nasdaq national market, Closing prices, July 13

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Continued on Page 27

CANADA

TORONTO

Closing prices July 13

[illegible]

MONTREAL

Closing prices July 13

[illegible]

AMERICAN STOCK EXCHANGE CLOSING PRICES

Continued from Page 25

[illegible]

AUSTRIA

1984 High	1984 Low	July 13	Price %
222	206	Credit'stalt Pfd..	209
342	318	Goesser	321
410	397	Interunfall	398
216	203	Laenderbank	206
389	300	Perlmooser	336
162	140	Steyr—Daimler..	141
220	206	Veitscher Mag ...	212

BELGIUM/LUXEMBOURG

1984 High	1984 Low	July 13	Price Frs.
1,875	1,220	ARBED	1,420
5,200	4,965	Banq Int A Lux	5,050
4,420	3,105	Bekaert B.	3,960
2,465	2,010	Ciment CBR	2,325
328	175	Cockerill	225
5,850	4,760	Delhaize	4,850
2,790	2,290	EBES	2,415
7,150	5,850	Electrobel	6,650
2,425	1,800	Fabrique Nat	1,800
3,595	3,060	GB Inno BM	3,095
2,800	2,145	GBL (Brux)	2,205
3,300	2,970	Gevaert	3,120
6,480	5,000	Hoboken	5,050
2,175	1,805	Intercom	1,875
7,500	6,280	Kredietbank	6,850
10,000	9,020	Pan Hldgs	9,370
8,210	6,010	Petrofina	6,600
9,580	7,320	Royale Belge	9,350
3,500	2,900	Soc. Gen. Banq	3,045
1,930	1,600	Soc. Gen. Belge	1,610
6,840	5,180	Sofina	5,980
4,355	3,430	Solvay	3,510
4,300	3,125	Traction	3,350
5,440	3,795	UCB	4,340
4,950	3,700	Vieille Mont.	3,850

DENMARK

1984 High	1984 Low	July 13	Price Knr. %
480	325	AarhusOlie	445
362	217	Andelsbanken	222xd
705	610	Baltic Skand	680
380	207	CopHandelsbank	239
850	590	D. Sukkerfab	655
335	205	Danske Bank	232
218	165	East Asiatic	199
1,250	850	Forenede Brygg.	900
153	104	Forenede Damp.	114xr
700	445	GNT Hldg	475
725	510	I.S.S.B.	550
760	443	Jyske Bank	461
3,150	2,150	Novo Ind.	2,280
372	203	Privatbanken	210
370	282	Provinsbanken	298
300	207	Smidth (F.)	321
1,375	955	Sophus Berend	955
588	438	Superfos	458

FRANCE

1984 High	1984 Low	July 13	Price Frs.
1,999	1,670	Emprunt 4½% 1973	1,733
10,020	9,200	Emprunt 7% 1973	9,253
3,629	3,320	CNE 3%	3,896
678	504	Air Liquide	519
145	375	BIC	403.5
836	581	Bouygues	584
2,885	2,401	BSN Gervais	2,600
1,568	1,035	CIT Alcatel	1,055
1,915	1,195	Carrefour	1,404
933	774	Club Mediter	894
720	522	CFAO	615
585	427	Cie Bancaire	517
262	209.9	Cofimeg	225
995	780	Darty	969
941	593	Dumez S.A.	699
598	496	Eaux (Cie Gen.)	528
278	179	Elf-Aquitaine	217.9
695	537	Gen.Occidentale	645
97.4	63.9	I.M.E.T.A.L.	82.9
393.5	300	Lafarge-Coppee	335
2,600	2,101	L'Oreal	2,395
2,340	1,800	Legrand	1,857
357	204	Maisons Phenix	212
2,050	1,300	Matra S.A.	1,363
1,084	740	Michelin B.	749
1,710	1,372	Midi(Cie)	1,605
1,672	1,313	Moet-Hennessy	1,610
118.5	90	Moulinex	102
56.2	45.7	Nord Est	46.2
845	662	Pernod Ricard	757
574	462	Perrier	521
313	184.5	Petroles Fra.	249
257.8	179.5	Peugeot-SA	180.5
73.9	37.5	Poclain	43
174.2	132.5	Printemps (Au.)	138
410	265.1	Radiotech	265.1
1,340	1,035	Redoute	1,100
1,298	726	Roussel-Uclaf	1,285
275	245.5	Sefimeg	245.5
1,520	1,230	Skis Rossignol	1,310
1,790	1,470	Telemech Elect.	1,635
345	239	Thomson (CSF)	287
358	226.5	Valeo	226.5

GERMANY

1984 High	1984 Low	July 13	Price Dm
109.8	82.5	AEG-Telef	91
840	740	Allianz Vers	755
179.2	146.5	BASF	150
186.5	153	Bayer	156.2
304	258	Bayern-Hypo	261
358	298	Bayern-Verein	301
316	232.5	BHF-Bank	236
453	360	BMW	367.5
247.5	208	Brown Boveri	209
190	147.3	Commerzbank	148.3
141.8	108.2	Conti Gummi	110.8
638	524	Daimler-Benz	530
412	349	Degussa	353
192.5	140	D'sche Babcock	143
388.5	321	Deutsche Bank	327
182.8	146.3	Dresdner Bank	148.5
169.6	131	GHH	131.5
623	462	Hochtief	623
195.5	155.5	Hoechst	160.3
132.5	96.7	Hoesch Werke	98
466	418	Holzmann (P)	435
203	160	Horten	166
223.5	191.2	Kali und Salz	215.2
283	228	Karstadt	236
269.8	202	Kaufhof	203
284.5	221	KHD	221
70	47.9	Kloeckner	52.5
94	72	Krupp	77.5
418	349	Linde	350
170.5	133	Lufthansa	140.4
155.5	131	MAN	138
165	133.8	Mannesmann	134.5
561	463.5	Mercedes Hld	465
249	215	Metallgesell	220
1,370	1,000	Muench Rueck	1,050
288	238	Preussag	242.5
188.8	155.3	Rhein West Elect	155.5
291	228	Rosenthal	230
386.5	320	Schering	320.5
417.9	372.5	Siemens	375
94.5	71	Thyssen	73.5
190	167	Varta	168.5
185	152.2	Veba	164
127.9	112.5	V.E.W.	112.5
336	286	Verein-West	286
231.8	172	Volkswagen	173

SPAIN

1984 High	1984 Low	July 13	Price P'ta %
342	252	Bco Bilbao	342
342	278	Bco Central	341
278	193	Bco Exterior	202
255	209	Bco Hispano	250
340	257	Bco Santander	331
389	314	Bco Vizcaya	388
[illegible]	[illegible]	Dragados	155
58	41.7	Hidrola	56.2
65.5	40.5	Iberduero	63
138.2	102	Petroleos	134
87.7	69.7	Telefonica	81.2

NORWAY

1984 High	1984 Low	July 13	Price Kroner
190	142.5	Bergens Bank	150
340	215	Borregaard	252
190	148	Christiania Bk.	159
188.5	145	Den Norsk Credit	152
167.5	115	Elkem	129.5
236	252	Norsk Data	275
687.5	512.5	Norsk Hydro	565
272.5	186	Storebrand	200

AUSTRALIA

1984 High	1984 Low	July 13	Price Aust. $
5.93	4.27	ANZ Group	4.48
1.80	1.45	Acrow Aust	1.56
0.90	0.50	Alliance Oil D.	0.62
2.11	1.40	Ampol Pet	1.52
1.92	1.65	Aust Cons Ind	1.8
3.10	2.35	Aust Guarant	2.7
2.75	1.90	Aust Nat Inds	2.02
2.46	1.80	Aust Paper	2.2
6.40	3.90	Bell Group	4.30
1.62	1.20	Bond Corp Hldgs	1.35
3.65	3.02	Boral	3.40
2.72	1.65	B'ville Copper	1.67
3.32	2.50	Brambles Inds	2.92
3.62	2.10	Bridge Oil	2.18
12.16	9.24	BHP	9.38
6.20	4.48	CRA	4.55
4.28	2.96	CSR	3.12
4.56	3.82	Carlton & Utd	4.30
5.56	4.08	CastlemaineTys	4.25
4.15	3.30	Coles (G.J.)	3.7
3.32	2.15	Comalco "A"	2.35
1.30	0.41	Consolidated Pet	0.45
1.40	1.10	Costain Aust.	1.23
1.74	1.45	Dunlop Aust.	1.68
6.40	4.25	E.Z. Inds	6.00
4.85	3.60	Elders IXL	3.85
1.80	1.30	Energy Res	1.55
2.30	1.85	Gen Prop Trust	2.07
3.95	3.88	Hardie (J.)	3.05
3.3	1.90	Hartogen Energy	2.05
3.5	2.95	HeraldW'y Times	3.20
2.35	1.75	ICI Aust.	1.9
0.38	0.18	Jimb'lana 50cFP	0.25
0.20	0.12	Kiaora Gold	0.13
5.06	4.45	Lend Lease	4.75
3.98	2.5	MIM	2.78
2.90	2.12	Mayne Nickless	2.38
1.20	0.42	Meekatharra	0.42
2.15	1.59	Myer Emp.	1.75
3.92	3.00	Nat. Com. Bk.	3.27
12.80	8.0	News	9.20
4.15	2.45	Nicholas Kiwi	4.15
3.32	2.05	North Bkn Hill	2.10
1.11	0.70	Oakbridge	0.85
0.78	0.40	Otter Expl.	0.45
1.48	0.95	Pancont'l	0.95
2.09	1.1	PioneerConc	1.40
1.19	0.94	Queensland Coal	1.06
2.85	2.4	Reckitt & Coln.	2.50
1.40	1.01	Repco	1.06
8.20	5.50	Santos	5.7
4.40	3.20	Smith (H.)	3.58
0.45	0.26	Southland Min'g.	0.30
0.44	0.30	Spargos Expl.	0.37
2.48	1.53	Thos Natwide	1.75
5.6	4.98	Tooth	5.50
3.90	2.55	Vamgas	2.9
4.45	2.92	Western Mining.	3.0
4.02	3.38	Westpac	3.7
1.35	0.93	Woodside Petrol.	1.12
2.80	2.2	Woolworths	2.32
3.47	2.50	Wormald Intl.	2.65

ITALY

1984 High	1984 Low	July 13	Price Lire
19,750	14,995	Banca Com'le	17,350
183	108.4	Bastogi IRBS	133
2,600	1,418	Centrale	2,078
6,655	3,641	Credito Varesino	3,960
4,470	3,721	Fiat	4,005
50	27	Finsider	37.2
39,300	32,010	Generali Assicur	33,600
3,485	3,020	Invest	3,020
49,050	40,500	Italcementi	48,000
1,284	1,115	Montedison	1,126
5,260	3,865	Olivetti	5,132
3,315	2,464	Pirelli Co.	3,003
1,844	1,419	Pirelli Spa	1,672
1,699	1,336	Snia BPD	1,575
14,600	10,750	Toro Assic.	11,000
11,310	8,100	do. Pref	8,675

NETHERLANDS

1984 High	1984 Low	July 13	Price Fls
215	155.5	ACF Holding	158
146	109.5	AEGON	113.5
236	168.5	Ahold	178
123.2	79.8	AKZO	81.8
445	202	ABN	301
183	141.9	AMEV	153
82	54.4	AMRO	56.2
222	167	Bredero Cert	172.5
52	29.5	Bos Kalis Westm.	30.1
76	61	Buehrmann-Tet.	64.7
41.5	33.3	Calland Hldgs	36.2
70.5	45	Credit Lyon'is Bk	46.8
99	73	Elsevier-NDU nv.	82.5
173.6	130.7	Gist.-Brocades	139.9
157	116	Heineken	125.8
60.9	46	Hoogovens	47.4
29.9	22.6	Hunter Douglas	27.9
44.8	32.6	Int-Mueller	33.7
232.6	149.8	KLM	160.8
48.4	35.1	Naarden	36.2
243.3	197	Nat Ned Cert	206
40	38	Ned Cred Bank	40
198	125.5	Ned Mid Bank	128
130	106	Nedlloyd	106.5
265.5	212	Oce Grinten	226
34.5	25.7	Ommeren (Van)	26.7
77	58	Pakhoed	55.8
50	42	Philips	45.6
4.9	2.5	Rijn-Schelde	2.8
70	59	Robeco	59.8
139	130.1	Rodamco	130.3
67.4	55.8	Rolinco	55.8
206	198	Rorento	199.2
166.2	144	Royal Dutch	148.6
278.4	232.6	Unilever	252.8
124.8	90	VMF Stork	120.5
169.6	137	VNU	147
148.5	74.5	West Utr Bank	80.5

SWEDEN

1984 High	1984 Low	July 13	Price Kroner
407	330	AGA	350
302	223	Alfa-Laval	286
480	280	ASEA (Free)	340
590	355	Astra	395
141	112	Atlas Copco	123
455	365	Boliden	368
531	320	Cardo (Free)	320
192	136	Cellulosa	139
288	238	Electrolux B.	250
390	297	Ericsson	315
370	275	Esselte	295
575	220	Mo Och Domsjo	388xa
370	230	Pharmacia (Free)	285
434	295	Saab-Scania	407
425	310	Sandvik	400
445	345	Skandia	355
373	308	Skan Enskilda	318
228	164	SKF	193
790	652	St. Kopparbergs	745
237	182	Sven Handelsbn.	182
309	220	Swedish Match	230
257½	214	Volvo B (Free)	250

SINGAPORE

1984 High	1984 Low	July 13	price $
3.14	2.12	Boustead Hldgs.	2.12
5.20	2.92	Cold Storage	3.02
10.70	7.8	DBS	7.80
6.90	4.96	Fraser & Neave	5.00
6.00	4.52	Genting	4.54
2.91	2.00	Haw Par. Bros	2.01
3.65	2.56	Inchcape Bhd.	2.58
3.65	2.00	Keppel Shipyard	2.06
10.40	8.05	Malay Banking	8.05
7.10	6.4	Malay Brew.	6.55
2.27	1.11	Multi Purpose	1.15
11.80	9.25	OCBC	9.3
4.90	3.94	OUB	4.00
2.87	1.97	Sime Darby	2.0
1.98	1.39	Straits St'mship.	1.4
6.95	4.88	Straits Trdg	4.88
5.90	4.30	UOB	4.3

SWITZERLAND

1984 High	1984 Low	July 13	Price Frs.
928	750	Alusuisse	760
4,590	3,360	Bank Leu	3,360
1,580	1,275	Brown Boveri	1,325
2,388	2,085	Ciba Geigy	2,155
2,190	1,655	do. (Part Certs)	1,725
2,385	2,040	Credit Suisse	2,040
2,820	2,300	Elektrowatt	2,310
748	590	Fischer (Geo)	613
4,300	3,400	Genevoise	3,350
112,250	90,250	Hoff-RochePtCts	92,750
10,900	9,200	Hoff-Roche 1/10	9,250xr
6,825	5,800	Jacobs Suchard	5,900
1,925	1,700	Jelmoli	1,730
1,800	1,290	Landis & Gyr	1,350
5,500	4,865	Nestle	5,040
1,545	1,060	Oer Buehrle	1,070
960	245	Pirelli	249
7,600	6,450	Sandoz (Br)	6,875
1,225	940	Sandoz (Pt Cts)	985
600	460	Schindler (PtCts)	570
1,100	906	Swissair	912
365	316	Swiss Bank	316
8,350	7,300	Swiss Reinsce.	7,300
1,590	1,320	Swiss Volksbk.	1,320
3,650	3,190	Union Bank	3,215
3,270	3,850	Winterthur	2,850
18,900	16,700	Zurich Ins.	16,700

HONG KONG

1984 High	1984 Low	July 13	Price H.K.$
29.7	17.8	Bank East Asia	18.0
10.6	6.15	Cheung kong	6.15
14.5	9.95	China Light	9.95
2.97	1.65	Hang Lung Devel	3.3
47.0	25.9	Hang Seng Bank	25.9
7.4	5.05	HK Electric	5.05
4.7	2.8	HK Kowloon Wh.	2.82
4.3	2.07	HK Land	2.07
7.76	5.3	HK Shanghai Bk.	5.3
49	35.5	HK Telephone	40
15.5	8.4	Hutchison Wpa.	8.4
14.3	5.5	Jardine Math	5.50
4.02	2.25	New World Dev.	2.3
2.87	1.95	Orient O'seas	2
4.0	2.02	O'seas Trust Bk.	2.45
8.3	4.12	SHK Props.	4.12
21.0	13.1	Swire Pac A.	13.1
4.2	2.65	Wheel'k Mard A.	2.67
2.3	1.84	Wheel'k Maritme	1.9
2.6	1.46	World Int. H'ldgs	1.46

JAPAN

1984 High	1984 Low	July 13	Price Yen
1,190	980	Ajinomoto	1,140
2,860	1,830	Alps Electric	1,920
1,410	985	Amada	1,080
642	405	Asahi Chem	528
819	655	Asahi Glass	746
653	527	Bridgestone	587
1,610	1,080	Canon	1,120
1,530	1,130	Casio Comp	1,150
1,140	940	Chugai Pharm	1,030
709	455	Citizen	464
737	651	Daiei	656
1,180	889	Dai Nippon Ptg	895
553	435	Daiwa House	502
385	311	Ebara	316
1,380	965	Eisai	1,000
10,360	7,385	Fanuc	7,980
1,150	500	Fuji Bank	910
2,310	1,450	Fuji Film	1,550
1,020	752	Fujisawa	963
1,390	1,080	Fujitsu	1,180
2,080	1,490	Green Cross	1,670
453	354	Hasegawa	354
684	549	Heiwa Real Est	549
1,000	805	Hitachi	807
1,930	1,230	Hitatchi Credit	1,230
1,260	989	Honda	1,160
899	721	House Food	724
2,350	1,460	Hoya	1,870
340	263	Itoh (C)	263
2,300	1,740	Ito-Yokado	1,900
2,480	1,180	Iwatsu	1,250
404	334	JACCS	349
3,520	2,460	JAL	3,180
884	790	Jusco	840
330	277	Kajima	278
845	660	Kao Soap	750
730	590	Kashiyama	595
685	525	Kirin	653
1,150	890	Kokuyo	988
545	450	Komatsu	488
765	568	Konishiroku	568
339	302	Kubota	310
503	416	Kumagai	476
7,374	5,250	Kyoto Ceramic	6,970
535	380	Maeda Const.	501
1,650	1,110	Makino Mill'ng	1,120
1,320	905	Makita	950
415	263	Marubeni	345
700	590	Marudai	621
1,450	1,070	Marui	1,080
2,010	1,590	MEI	1,590
791	630	M'ta Elec Works	630
1,150	500	M'bishi Bank	910
589	506	M'bishi Corp	535
449	361	M'bishi Elect	378
560	446	M'bishi Estate	469
273	225	MHI	225
390	334	Mitsui Co	345
778	630	Mitsui Estate	630
406	339	Mitsukoshi	357
825	620	NGK Insulators	750
252	197	Nihon Cement	208
1,630	1,330	Nippon Denso	1,390
1,540	1,130	Nippon Elect	1,130
343	280	Nippon Express	314
665	600	Nippon Gakki	616
162	136	Nippon Kokan	137
1,220	898	Nippon Oil	898
663	490	Nippon Seiko	534
704	515	Nippon Shimpan	515
185	149	Nippon Steel	149
365	304	Nippon Suisan	334
16,500	6,990	NTV	11,100
252	222	Nippon Yusen	224
765	603	Nissan Motor	605
631	410	Nisshin Flour	504
232	165	Nisshin Steel	179
950	653	Nomura	653
1,100	830	Olympus	875
4,180	2,400	Orient Leasing	3,100
3,850	2,400	Pioneer	2,470
760	622	Renown	633
1,190	830	Ricoh	850
818	665	Sankyo	782
586	461	Sanyo Elect	499
529	378	Sapporo	452
624	540	Sekisui Prefab	615
9,200	7,270	Seven Eleven	8,450
1,410	992	Sharp	1,050
633	500	Shimadzu	505
770	690	Shionogi	692
1,220	945	Shiseido	1,080
4,000	3,200	Sony	3,400
825	570	Stanley	635
1,250	500	Sumitomo Bank	885
1,000	745	S'tomo Elect	787
582	256	S'tomo Marine	370
196	164	S'tomo Metal	168
566	480	Taihei Dengyo	490
238	210	Taisei Corp	214
1,070	881	Taisho Pharm	898
798	665	Takeda	761
7,080	4,560	TDK	4,560
456	336	Teijin	369
782	652	Teikoku Oil	690
708	526	Tokyo Marine	551
915	695	TBS	720
1,400	1,040	Tokyo Elect.Pwr.	1,060
188	145	Tokyo Gas	145
850	618	Tokyo Sanyo	863
990	700	Tokyo Style	706
368	260	Tokyu Corp	260
830	654	Toppan Print	748
600	395	Toray	401
445	372	Toshiba Elect	375
666	530	TOTO	566
860	695	Toyo Seikan	750
1,500	1,220	Toyota Motor	1,220
3,400	1,950	Victor	2,050
823	700	Wacoal	765
630	472	Yamaha	500
1,470	1,230	Yamanouchi	1,260
800	655	Yamazaki	686
386	246	Yasuda Fire	278
475	404	Yokogawa Bdge	480

SOUTH AFRICA

1984 High	1984 Low	July 13	Price Rand
3.2	1.5	Abercom	1.75
9.75	6.00	AE & CI	6.5
38	23.5	Anglo Am. Coal	30
25.5	19.75	Anglo Am Corp	22
159.5	127	Anglo Am. Gold	146.5
23.5	17.60	Barclays Bank	18.25
14.95	12	Barlow Rand	12.5
88.5	55.8	Buffels	69
3.6	2.6	CNA Gallo	2.65
5.5	4.1	Currie Finance	4.6
10.9	8.43	De Beers	9
49.5	36.5	Driefontein	46.5
56.5	23	FS Geduld	46.25
33.3	23	Gold Fields S.A.	26.25
6.5	4.75	Highveld Steel	4.8
19.75	12.60	Nedbank	12.5
21.5	16.5	OK Bazaars	16.5
3.80	1.65	Protea Hldgs	1.65
26.85	20	Rembrandt	25.5
15.75	12.5	Rennies	13.5
15.8	12.65	Rust Plat	13.4
9.5	6.5	Sage Hldgs	7.5
7.9	6.60	SA Brews	6.65
26.75	16.75	Smith (C.G.)	16.75
13.00	9.7	Tongaat Huletts	9.7
8.90	5.0	Unisec	5.05

NOTES:—Prices on this page are as quoted on the individual exchanges and are last traded prices. $ Dealings suspended. xd Ex dividend. xc Ex scrip issue. xr Ex rights. xa Ex all.

WORLD STOCK MARKETS

OVER-THE-COUNTER

Continued from Page 26

Stock	Sales (Hnds)	High	Low	Last	Chng
[illegible]					
Rockcor	17	10¾	10⅝	10⅝	
Rouse .52	23	32¾	31⅞	32¾	+⅛
RoyBGp	82	3½	3	3¼	−½
RoyRs	34	9⅝	9⅛	9⅝	+⅛
RyanFs	221	20½	20	20	−½

Stock	Sales (Hnds)	High	Low	Last	Chng
[illegible]					
SpecCtl .05	65	6⅝	6⅝	6⅝	
StatBld .20	166	9¾	9⅝	9⅝	+⅛
Standyn 1.92	20	44¼	43½	43½	−¼
StdMic s	809	22¼	21⅝	21¾	+¼
Standn s	46	7	6⅞	7	+⅛

Stock	Sales (Hnds)	High	Low	Last	Chng
[illegible]					
Ungrmn	501	12⅝	12	12¼	−¼
Unifi	191	8½	8¼	8¼	−¼
Uniol s	57	2⅝	2⅝	2¾	+⅛
UnPlntrs .80	285	18½	18	18	−½
UACom .10	150	22¼	22½	22½	
UBAlsk .10e	36	7⅞	7½	7⅞	−¼
UBColo 1.08	12	17⅞	17⅞	17⅞	+⅛
UnEdS	123	4¼	3¾	4¼	+¼
UFnGrp	166	6⅝	6⅞	6⅞	−¼
UFstFd	234	20⅝	19¾	20	
UGrdn t	15	6⅞	6½	6⅞	
UPres s	1	9⅝	9⅝	9⅝	

X—Y—Z

Stock	Sales (Hnds)	High	Low	Last	Chng
Xebec s	855	8¼	8½	8¼	
Xicor	4993	12⅝	11⅞	11½	−⅞
Xidex s	238	15½	15	15½	
YlowFt .92	1248	24¼	23⅞	24	
ZenLbB	58	15	14⅝	14⅝	−⅛
Zentec	21	4	3½	4	+½
Ziegler .44e	65	11	10¼	10⅞	−⅞
Zitel	7	6¼	6	6¼	−¼
Zondvn .30	57	15½	15¼	15⅞	+⅛
Zymos	54	4	3⅞	3⅞	
Zytrex	612	4½	4	4⅞	+⅜

Indices

NEW YORK

DOW JONES

	July 13	July 12	July 11	July 10	July 9	1984 High	1984 Low	Since Compil'tn High	Since Compil'tn Low
♦Industr'ls	1109.87	1104.57	1108.56	1126.88	1134.85	1286.64 (6/1)	1086.98 (15/6)	1287.7 (19/11/83)	41.22 (2/7/32)
H'me Bnds	65.41	65.22	65.28	65.43	65.11	71.75 (6/2)	64.81 (25/5)	—	—
Transport.	463.27	464.30	466.87	471.71	478.86	612.63 (9/1)	457.82 (29/5)	612.63 (9/1/84)	12.32 (8/7/32)
Utilities	125.77	125.00	125.05	125.87	125.82	134.85 (6/1)	122.25 (15/6)	163.72 (20/4/69)	10.5 (28/4/42)
TradingVol 000-†	75,480	86,050	89,540	74,010	74,880	—	—	—	—

♦Day's high 1118.04 (1116.72) low 1101.92 (1196.18)

	June 22	June 15	June 8	year ago (approx)
Industrial div. yield %	5.01	5.21	4.98	4.45

STANDARD AND POORS

	July 13	July 12	July 11	July 10	July 9	1984 High	1984 Low	Since Compil'n High	Since Compil'n Low
Industr'ls	171.38	170.33	171.09	175.92	174.61	190.84 (6/1)	168.26 (15/6)	194.84 (10/10/83)	3.62 (30/6/32)
Comp's'te	150.88	150.03	150.56	152.89	153.36	169.28 (6/1)	148.63 (15/6)	172.15 (10/10/83)	4.40 (1/6/32)

	July 6	June 27	June 20	year ago (approx.)
Industrial div. yield %	4.22	4.27	4.19	(u)
Industrial P/E ratio	10.91	10.75	10.96	(u)
Long Gov. Bond yield	13.59	13.56	13.51	(u)

N.Y.S.E. ALL COMMON

July 13	July 12	July 11	July 10	1984 High	1984 Low
87.08	86.64	86.96	88.19	97.71 (6/1)	86.17 (15/6)

Rises and Falls

	July 13	July 12	July 11
Issues Traded	1,935	1,932	1,932
Rises	859	498	375
Falls	610	985	1,092
Unchanged	466	509	445
New Highs	—	5	5
New Lows	—	137	98

TORONTO

	July 13	July 12	July 11	July 10	1984 High	1984 Low
Metals & Minls.	1748.6	1787.9	1816.86	1857.2	2524.4 (12/1)	1748.5 (15/7)
Composite	2176.20	2168.6	2198.85	2212.7	2585.7 (6/1)	2165.5 (12/7)
MONTREAL Portfolio	106.45	105.72	107.05	107.94	127.83 (10/1)	105.34 (24/5)

NEW YORK ACTIVE STOCKS

Friday	Stocks traded	Closing price	Change on day		Stocks traded	Closing price	Change on day
Ralston Purina	2,045,800	27⅝	−1⅝	AMP	911,000	35⅝	−1½
ITT	1,931,100	22⅝	−⅜	IBM	856,100	105¼	+⅞
Unocal	1,130,500	36⅝	+5⅝	Allegheny Intl.	812,500	19½	−⅜
St Regis	1,078,000	41⅛	−2⅞	Exxon	778,600	40⅝	+⅜
ATT	961,000	17	−⅛	LTV	771,100	10⅝	−⅛

	July 13	July 12	July 11	July 10	1984 High	1984 Low
AUSTRALIA All Ord. (1/1/80)	689.0	685.7	688.2	686.5	787.9 (9/1)	646.3 (18/6)
Metal & Minls. (1/1/80)	416.9	412.5	415.7	417.8	587.4 (9/1)	412.5 (12/7)
AUSTRIA Credit Aktien (2/1/62)	55.55	55.57	55.51	55.57	58.21 (2/1)	55.30 (3/4)
BELGIUM Belgian SE (31/12/63)	141.66	141.15	142.19	142.33	158.26 (7/5)	135.26 (4/1)
DENMARK Copenhagen SE (3/1/83)	—	188.20	(u)	185.21	225.21 (28/1)	179.27 (1/6)
FRANCE CAC General (31/12/82)	168.30	166.20	168.90	169.4	181.7 (3/5)	155.6 (3/1)
Ind Tendance (30/12/83)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
GERMANY FAZ Aktien (31/12/58)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Commerzbank (1/12/53)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
HONG KONG Hang Seng Bank (31/7/64)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
ITALY Banca Comm Ital. (1972)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
JAPAN** Nikkei-Dow (16/5/49)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Tokyo SE New (4/1/68)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
NETHERLANDS ANP-CBS General (1970)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
ANP-CBS Indust (1970)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
NORWAY Oslo SE (4/1/83)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
SINGAPORE Straits Times (1966)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
SOUTH AFRICA Gold (1958)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Industrial (1958)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
SPAIN Madrid SE (30/12/83)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
SWEDEN Jacobson & P. (1/1/58)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
SWITZERLAND Swiss Bank Cpn. (31/12/58)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
WORLD Capital Intl. (1/1/70)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

** Saturday July 7: Japan Nikkei-Dow 10,408.44. TSE 790.02. Base values of all indices are 100 except Australia All Ordinary and Metals—500, NYSE All Common—50; Standard and Poors—10; and Toronto Composite and Metals—1,000. Toronto indices based 1975 and Montreal Portfolio 4/1/83. ‡ Excluding bonds. † 400 industrials. § 400 industrials plus 40 Utilities, 40 Financials and 20 Transports. c Closed. u Unavailable.

BUSINESSMAN'S DIARY

UK TRADE FAIRS AND EXHIBITIONS

Current
Harrogate Gift Fair (0282 867153) (until July 19) **Harrogate**

July 19-22
BBC Micro Users' Show (061-456 8383) **Alexandra Palace**

August 5-8
Furniture Show (01-724 0851) **Harrogate**

August 16-19
Acorn User Exhibition (01-930 1612) **Olympia**

August 18-19
British Custom Bike Show (0272 650465) **Bristol Exhibition Centre**

August 19-22
International Craft and Hobby Fair (04252 72711) **Wembley Conference Centre**

August 25-27
Northern Motor Show (0423 889441) **Harrogate**

August 26-29
Scottish Autumn Gift Fair (0764 4204) **Glasgow**

August 30-September 15
Ideal Home & DIY Exhibition (0232 650329) **Belfast**

September 2-4
Video Software and Computer Games Show (01-686 2599) **Olympia**

September 3-9
International Air Display and Exhibition (01-839 3231) **Farnborough**

September 4-7
International Carpet Fair—ICF (021-705 6707) **Harrogate**

September 6-9
Hi Fi Show (01-686 2599) **Heathrow Penta Hotel**

September 9-12
International Menswear Fair—MAB (0727 63213) **Earls Court**

September 10-13
Builders' Merchants' Exhibition—BEMEX (01-680 4200) **Wembley Conference Centre**

OVERSEAS TRADE FAIRS

August 7-11
Dublin Horse Show Dublin 680645) **Dublin**

August 16-18
International Electronic Production Exhibition—INTERNEPCON SE Asia (01-891 5051) **Singapore**

August 21-23
Finish Fashion Fair (01-486 1951) **Helsinki**

August 24-26
International Men's Fashion Week and Jeans Fair (01-930 7251) **Cologne**

August 28-30
International Security Conference and Exhibition (01-891 5051) **New York**

September 5-8
International Trade Fair for Hotels, Restaurants, Catering and Foods—HOTELRES (01-683 1158) **Bangkok**

September 9-6
International Autumn Fair (01-486 1951) **Zagreb**

September 12-19
International Engineering Fair (021-455 9600) **Brno**

September 16-19
International Hardware Show—QUOJEM (01-439 3964) **Paris**

BUSINESS CONFERENCES

July 17
London Chamber of Commerce and Industry: Employment law update seminar (01-248 4444) **Cannon Street, EC4**

July 29-August 1
College of Marketing: Marketing Insurance (06285 24922) **Cookham**

August 23-24
Management Centre Europe: Intrepreneurship - Entrepreneurs inside your company (Brussels 516 19 11) **Brussels**

August 28-30
FT Conference: World airospace: after the recession (01-621 1355) **Hotel Inter Continental, WI**

September 2-14
International Management Development Institute: Managing finance and control seminar (021 277121) **Lausanne**

September 4-6
SIMA: The second Analytical Science conference (01-437 0678) **Barbican**

September 10-11
The Textile Institute: Textile design strategy—from yarn to the consumer (061-834 8457) **London**

September 10-14
University of Wales Institute of Science and Technology. Ships' costs (0222 42588) **Cardiff**

September 13-14
INSIG: International seminar on bank staff management (Paris 75008) **Inter Continental Hotel, Paris**

September 14
The Economist: Reforming British taxes—can fundamental *reforms succeed where piecemeal changes falter?* (01-839 7000) **116, Pall Mall, SW1**

September 16-18
Metal Bulletin's third international aluminium congress (01-633 0525) **Munich Sheraton**

September 17
Longman Seminars: Cross-border financial planning for individuals—a passport for successful tax planning (01-242 2548) **Barbican Centre, EC2**

September 18-20
Reinsurance Management Institute: Fundamentals of reinsurance (Texas (214) 721 5360) **University of Dallas**

September 18
The Wimborne International Group: Combined heat and power/district heating—the Swedish experience (010468 7830525) **Westminster**

September 19
Weisweiller Adfos: Innovations in foreign exchange (01-229 8244) **London**

September 20-21
Business Research International: Foreign currency options—profitable opportunities for traders, hedgers and investors (01-637 4383) **Hotel International, Zurich**

September 20-21
Metal Bulletin: Second International Barter Conference (01-330 4311) **Intercontinental Hotel, Vienna**

September 25
The Institute of Information Scientists. European funding for business (0207 500957) **Newcastle-upon-Tyne**

Anyone wishing to attend any of the above events is advised to telephone the organisers to ensure that there has been no change in the details published.

CONSTRUCTION CONTRACTS

£48m motorway awards

The Department of the Environment and Transport has awarded **BALFOUR BEATTY CONSTRUCTION** its tenth M25 contract. The latest order, valued at £21.5m, covers the construction of the Micklefield Green to South Mimms Section and comprises the construction of 5.5 km of dual three-lane motorway, 4.8 km of two-lane slip roads and side road diversions together with the building of eight bridges. The contract is to be completed in 27 months. The route alongside the A6 trunk road is from the Bell roundabout at Micklefield Green to the AI (M) interchange at South Mimms.

An order has been received from Sainsbury's, to build a supermarket at Stockport, Cheshire. The £4m contract is for completion in 15 months and includes site clearance, the multi-storey store, additional shops for subletting, roads and services. Balfour Beatty Construction has also been awarded contracts in County Durham for an assessment centre at Aycliffe School, for building works in Edinburgh and refurbishment in Hamilton.

SIR ALFRED MCALPINE & SON (NORTHERN), in consortium with **FAIRCLOUGH CIVIL ENGINEERING**, has been awarded a substantial contract by the Department of Transport's eastern regional office to build a section of the M25 between Micklefield Green and Bedmond Road in Hertfordshire. The contract, worth £26.8m will consist of a 6 km dual three-lane motorway, 2 km of two-lane link road, 2 km of side roads and 10 bridges. Work commenced on June 4 and is expected to continue until October 1986.

£5.5m airfield orders placed with McTay

Two contracts, together worth £5.5m, for airfield fuel installations on Ascension Island and in the Falklands Islands, have been won by **McTAY ENGINEERING**, part of the Mowlem construction group. In the Falklands, McTay has a £3.5m contract from the Laing-Mowlem-ARC Construction joint venture for the installation of a shore-based fuel depot, 9 km *of pipeline* and two *airfield* bulk fuel installations with tankage, pumping, fuelling mains, hydrants and all control systems. Work has started for completion in spring 1986. On Ascension Island, McTay has won a second contract from the PSA for the design and construction of an airfield fuel installation. It includes the fabrication and erection of a 5 km pipeline with pumping facilities, airfield bulk fuel installation comprising tankage, pumping, fuelling main, hydrants, control systems and emergency power generator. Work has started for completion in autumn 1985.

★

B&J (SWANSEA), part of the BJ Group, has won a contract to build the first phase of a £4m prestige housing development in Mumbles. The initial contract, worth *£300,000, is for 14* apartments and has been awarded by Compton Developments. The development will be completed over a period of three years and will eventually total over 100 housing units.

★

D. J. HIGGINS & SONS has won five contracts in both the private and public sectors totalling £3.3m for construction and rehabilitation projects. Work comprises: Conversion of houses into a hostel at Lansdowne Drive, London, E8, for the London and Quadrant Housing Trust.; repairs and modernisation to occupied flats at Great Russell Mansions, Great Russell Street, London, WC1, for the London Borough of Camden; improvement to residential block at Windmill House, Wooton Street, London, SE1, for the Greater London Council; extension and alterations to Bishop Stopfords' Church of England Secondary School, Brick Lane, Enfield, for the board of governors and renovation works to residential blocks at Silwood Estate, London, SE16, for the GLC.

★

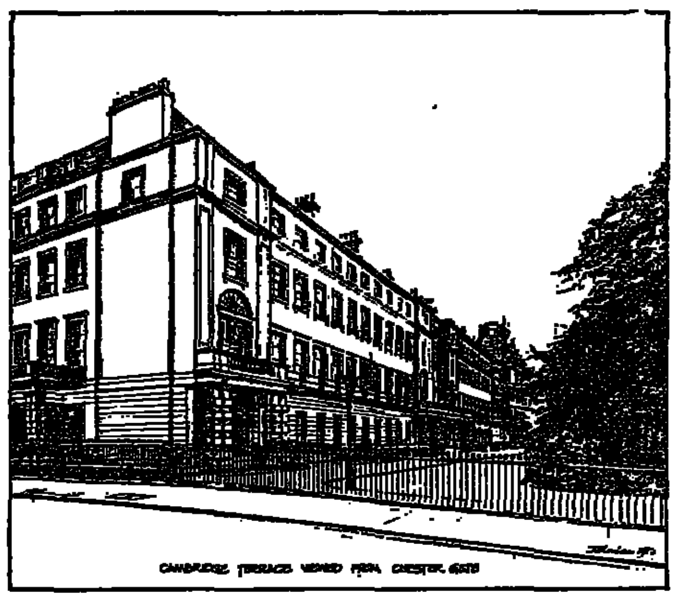
Work has started on the £3.2m second phase of the shopping development in Buxton, Derbyshire. **LOVELL CONSTRUCTION (NORTHERN)** has won the contract with **AMALGAMATED DEVELOPERS (BUXTON)**. The project involves the construction of two stores (one of 25,000 sq ft, the other 12,000 sq ft) and 24 shop units along an enclosed mall as well as a service road and bridge over the River Wye *to* link with a projected relief road. The river itself is to be diverted. The mall design features a barrel-vaulted roof with aluminium glazing bars and polycarbonate glazing. Work is scheduled for completion in autumn 1985.

BERNARD SUNLEY & SONS has secured two building contracts in the City of London. The first, valued at nearly £3m, is for an office development at 35-38 New Bridge Street, London, EC4, for the Scottish Widows and Life Assurance Society. Work comprises the construction of a six-storey reinforced concrete framed building with basement and piled foundations. External walls are to be part brick faced, part stone faced and part lead faced with aluminium double glabed windows. The gross internal floor area is around 36,400 sq ft. The second is an office refurbishment at 3-5 Crutched Friars, London ,EC3. This development is being carried out by London and New York Estates (a subsidiary of The Heron Corporation and financed by the National Insurance and Guarantee Corporation who are also, for the purposes of the contract, the employer. The project, valued in excess of £800,000, comprises the alteration, extension and refurbishment of the existing six-storey office building to provide a gross internal floor area of 11,600 sq ft.

★

Five new starts have given the **MARSHALL CONSTRUCTION GROUP** of Elland another £2m worth of orders. A seventh development for the fast exanding DIY Operation B & O (Retail), has commenced at Barrow-in-Furness. The unit is being developed by County Coachbuilders (Barrow). An order for two retail warehouse units, worth more than £500,000, at Chester has been placed by Charterhall Properties (Boughton). Further work at Dale Lane Upton, has been secured from Stadium Developments for the construction of roads, sewers and services. A new retail outlet with 140 parking spaces at the Shay Syke Estate, Halifax, is being constructed for Paul Maddeley, whilst at Chapel Allerton a Grandways supermarket is being built *for* William Jackson *of* Hull.

★



CAMBRIDGE TERRACE VIEWED FROM CHESTER GATE

A scheme for the major redevelopment and renovation *of Cambridge Terrace*, Regent's Park, has been awarded to French Kier Construction. The twenty month multi-million pound project for Elystan Developments, part of the Samuel Properties Group, is to renovate the *existing listed buildings* and build new commercial and residential accommodation on a site which fronts the outer circle, Chester Gate and Albany Street.

£4.5m work for Taylor Woodrow

TAYLOR WOODROW has won orders worth around £4.5m. A £2.4m contract associated with *the operation of the Gale Com*mon ash disposal scheme, near Whitley Bridge, West Yorkshire, has been awarded to Taylor Woodrow Construction (Northern), of Darlington, by the north eastern region of the Central Electricity Generating Board. The contract will involve raising and restoring the surfaces of the lagoon embankments, drainage, pipework and the maintenance of site roads. Work is due for completion in April 1986.

A £1.1m contract for the refurbishment and redevelopment of property in London W1 has been awarded to Myton by Loftus Family Properties. The project involves the refurbishment and redevelopment of Nos. 36-42 George Street to provide a mixture of shops, offices and residential accommodation. Completion is scheduled for June 1985.

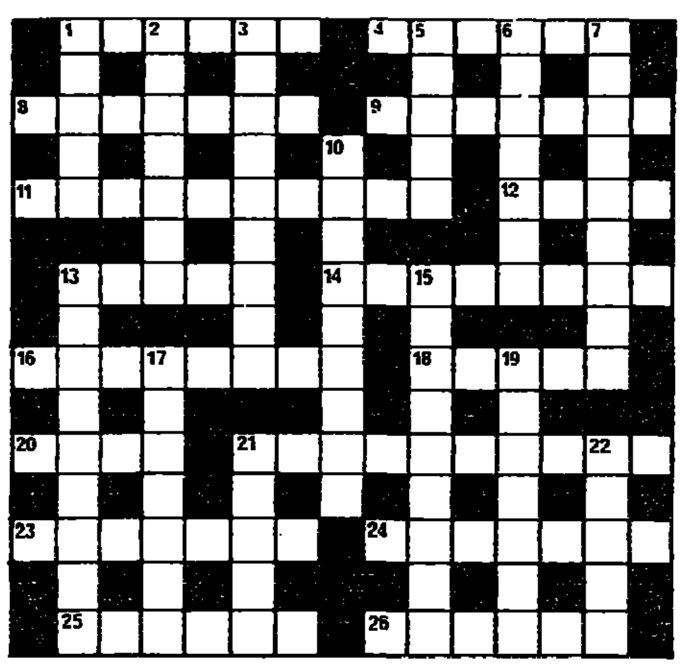
Two contracts, together worth £1m, have been awarded to Taylor Woodrow Construction (Scotland) of Glasgow. The largest contract, valued at £639,000, has been placed by the Comet Group and is for the design and construction of a 25,000 sq feet warehouse and administration offices at Birkenshaw Industrial Estate, Uddingston, Glasgow. Work is due for completion in February, 1985. The second contract, worth £408,000, has been awarded by East Kilbride Development Corporation and is for the overcladding of three multi-storey blocks, Clyde Calder and White Cart Towers, in St Leonards, East Kilbride, Lanarkshire.

AUTHORISED UNIT TRUSTS

FT UNIT TRUST INFORMATION SERVICE

INSURANCES

F.T. CROSSWORD PUZZLE No. 5,466



ACROSS

1 Out of the office, but ready to receive calls? (2, 4)
4 A close shave? (6)
8 Is in the way in a ship, but helps (7)
9 Here Roman vessels made spasmodic attacks (7)
11 Topsy turvey promotion team relegated (6-4)
12 Helps one in severe illness (4)
13 It's to be seen on a rifle (5)
14 A note of whimsy? (8)
16 Old joke cracked at Christmas (8)
18 Build straight up (5)
20 Father to the French wife of a German husband? (4)
21 Crowds of journalists in search of recruits? (5, 5)
23 Peak calls turned out to be about iron (7)
24 Once more a good man is in opposition (7)
25 Made eyes red although out of the wind at first (6)
26 Mean as an infuriated wasp (6)

DOWN

1 Maybe Poe's a past expert at telling fabulous tales (5)
2 Ordering a taxi when the weather is bad? (7)
3 Antiquated theme, not a new version (4-5)
5 Careless mountain dog (5)
6 Unrefulate sort of chair taken into account (7)
7 Suitable contrivance? (9)
10 The lad's put to bed and forbidden company (9)
13 So shaped his parcel is awkward to wrap (9)
15 Give short change—it's a mistake of sorts (9)
17 Act evasively as a preliminary to a deal (7)
19 Tail one wags in delight (7)
21 It naturally beats peas and beans (5)
22 Good man held in ridicule comes to blows, perhaps (5)

The solution to last Saturday's prize puzzle will be published with names of winners next Saturday.

INSURANCE, OVERSEAS & MONEY FUNDS

Liberty Life Assurance Co Ltd
Station Rd, New Barnet. 01-440 8210
Fund Managers, Touche Remnant & Co.

Sel Sec A	23 8	25 1	−0.1	—
Blue Chip	18.4	19 4	−0.9	—
Fixed Yield	17.8	18.8	−0.4	—
Guaranteed Mny	15.4	16.9	...	—
Managed	17.4	18 4	−0.5	—
International	23 3	24 6	+0 1	—
Property	14 8	15.6	−0.4	—
Pacific	18 0	19 0	+0.1	—
Equity	13.9	14 7	−0.6	—
Special Sits	19.8	20 9	−1 0	—
Int Currency	13 4	14 2	+0 1	—
Index Linked Secs	10 3	10 9	−0.1	—
American	16 6	17.5	−0 1	—

Life Assur. Co. of Pennsylvania
8, New Rd, Chatham, Kent. Medway 812348

LACOP Units	14.08	14 78	...	—

Lloyds Life Assurance
20, Clifton St, EC2A 4HX. 01-920 0202

Multi Gwth July 6		£2 69145	..	—
Multi Gwth 'A' July 6	248.0	261.1	...	—
Op 8 Prop July 12	250.8	264.0	...	—
Op 8 Equity July 13	291.1	306.5	+0 7	—
Op 8 Hy July 12	250.8	264 0	...	—
Op 8 Man July 12	297 6	313.3	...	—
Op 8 Dep July 13	193 9	204.2	...	10.64
Op 8 Int Bond July 12	162 3	170.9	...	—
Op 8 Inc Dist July 12	128.3	135 1	...	8 80
Op 8 Int Man July 12	173 6	182 8	...	—
Op 8 US$ July 12	138 8	146 2	...	12.12
Pens 8 Pr Ac June 15	314 4	331 0	...	—
Pens 8 Pr Cp June 15	210 9	222.0	...	—
Pens 8 Eq Ac June 15	833.1	877.0	...	—
Pens 8 Eq Cp June 15	558 6	588.1	...	—
Pens 8 FI Ac June 15	366 4	385.7	...	—
Pens 8 FI Cp June 15	245.7	258.7	...	—
Pens 8 Md Ac June 15	522.0	549.5	...	—
Pens 8 Md Cp June 15	350 0	368.5	...	—
Pens 8 Dp Acc June 15	300.4	316.3	...	—
Pens 8 Dp Cp June 15	201.4	212.1	...	—
Britannia Funds—Series A				
Am Smllr Co's July 11	125.9	132.6	...	—
Am Spec Sits July 11	141 5	149.0	...	—
Commodity July 11	73.1	77.0	...	—
Extra Inc July 11	109 5	115.3	...	—
Far East July 11	93.2	98.2	...	—
Fin Secs July 11	133.0	140.0	...	—
Gold & Gen July 11	88.9	93.65	...	—
Growth July 11	111 6	117.5	...	—
Int Growth July 11	138 2	145.5	...	—
Int Growth July 11	107.0	112.7	...	—
Japan Perf July 11	135.2	142 4	...	—
Nat High July 11	134.3	141.4	...	—
Prop Shares July 11	109.9	115.7	...	—
Sp Mkt July 11	105.5	111.1	...	—
Recovery July 11	125.7	132.4	...	—
Small Co July 11	157.0	165.3	...	—
Univ Energy July 11	74 4	78.4	...	—
World Tech July 11	128.4	135.2	...	—
Man Growth July 11	136.6	143.8	...	—
Gilt July 11	96.6	101.7	...	—
HK Perf July 11	65.9	69.4	...	—
Aust Growth July 11	106.3	111 9	...	—
Gartmore Funds—Series A				
American July 10	163.3	171.9	...	—
Australian July 10	87.9	92 6	...	—
British July 3	132 9	139.9	...	—
Commodity July 10	122.9	129.4	...	—
Extra Inc July 10	125.4	132 0	...	—
Far Eastern July 10	106.4	112 0	...	—
Gilt July 10	95.6	100.7	...	—
Global Strtgy July 10	177.7	187.1	...	—
Gold Share July 10	68.4	72.1	...	—
High Inc July 10	133.0	140.0	...	—
Income July 10	154.8	163 0	...	—
Japan July 10	169.6	178.6	...	—
Oil & Energy July 10	124.0	130.6	...	—
Special Sits July 10	146.3	154.1	...	—
UK Smllr Cos July 10	135.9	143.1	...	—
Man Gth July 10	154.8	163.0	...	—

London A'deen & Nthn. Mtl. Assur. Ltd.
129 Kingsway, London, WC2B 6NF. 01-404 0393

'Asset Builder'	66.9	71.0	...	—

London Indemnity & Gnl. Ins. Co. Ltd
18-20, The Forbury, Reading 583511

Money Mgr July 1	66.0	70.0	...	—
MM Flexible July 6	57.4	60.6	...	—

London Life
100, Temple St., Bristol, BS1 6EA. 0272-279179

National Provident Institution
48, Gracechurch St, EC3P 3HH. 01-623 4200

Managed	167 2	176.0	−0.5	—
UK Equity	171 9	181 0	−1.1	—
Overseas Eq.	160.8	169 3	−1 5	—
American	166.3	175.1	−1.5	—
Far East	154 6	162 8	−1.7	—
Property	109.1	114.9	−0.1	—
Fixed Int	147 3	155 1	+0.4	—
Indexed Gilt	94.3	99.3	...	—
Deposit	110 4	116 3	...	—
Pension Fund Prices				
Man. Initial	163.1	171 7	−0.3	—
Man Acc.	176.5	187.9	−0 4	—
UK Eq. Initial	158.2	166.6	−0.8	—
UK Eq.	170.9	179 9	−0.8	—
Overseas Eq. Initial	182.1	191 7	−2.0	—
Overseas Eq.	205 6	216.5	−2.2	—
Americas Initial	176.9	186 3	−1.4	—
American	191.7	201 8	−1 5	—
Far East Initial	191.6	201.7	−2.1	—
Far East	207 9	218 9	−2.3	—
Prop. Initial	104.5	110.0	−0.1	—
Prop	113.1	119.1	−0.1	—
Fixed Int. Initial	129 7	136 6	+0 1	—
Fixed Int.	140.2	147 6	+0 1	—
Indexed Gilt Initial	89.5	94.3	...	—
Indexed Gilt	96.9	102.1	−0.1	—
Deposit Initial	108.9	114.7	...	—
Deposit	118.4	124.7	...	—
NPI Pensions Management Ltd.				
Managed Fund	459 2	471.0	...	—

Prices June 29 Next dealing August 1.

New Zealand Sth. Brit. Insce. PLC
Maitland House, Southend SS1 2JS 0702 62955

Kiwi Key (Managed)	310 0	319.6	−13.6	—
UK Equity	137 1	144.3	−1.1	—
American	234.3	246 7	−2 8	—
Pacific	322.8	339.8	−2.6	—
Property	148 3	156.1	...	—
Gilt	169.6	178.5	+1.7	—
High Inc. Equity	128 6	135 4	−1.9	—
High Inc Fxd. Int.	96.3	101 4	...	—
Deposit	145.9	153 6	+0 1	—
Index-Linked Gilt	97.2	102.3	...	—

Norwich Union Insurance Group
PO Box 4, Norwich NR1 3NG. 0603 22200

NUIG (Managed Funds) Ltd.				
Managed Fund	456.3	480 3	+1 6	—
Equity Fund	802.3	844.5	+3.7	—
Property Fund	254 6	268.0	+0.1	—
Fixed Int. Fund	259 3	272.9	+1 0	—
Deposit Fund	168.9	177.8	+0.2	—
Norwich Union Life Insurance Society Pensionvestor				
Fixed Interest*	167.0	175 7	...	—
Ordinary Share*	215.3	226.6	...	—
Property*	123.9	130.4	...	—
Deposit*	122.5	128 9	...	—
Index Linked Secs.*	107.4	113 0	...	—
Mixed*	180.0	189 4	...	—

*Prices at July 10.

Nor Units June 15		495 4	...	—

Pearl Assurance (Unit Funds) Ltd.
252 High Holborn, WC1V 7EB. 01-405 8441

Inv. Prop. Dist.	138.7	146.0	...	—
Inv. Prop. Acc	198.7	209.2	...	—
Inv Equity	288.7	303.9	...	—
Inv. Managed	235.1	247.5	...	—
Pearl Assurance (Unit Linked Pensions) Ltd.				
Ret. Managed	211.1	222.3	...	—

Phoenix Assurance Co. Ltd.
18 King William St, EC4N 7ER. 01-626 9876

Wealth Ass.	233 1	245 5	...	—
Ebr. Ph.Eq.E.	181.5	191 0	...	—

Pioneer Mutual Insurance Co. Ltd.
16, Crosby Rd., N. Waterloo, L'pool 051-928 6655

Managed Fund	168.9	179.0	...	—
Man Pens Inc Fd	193.4	205.4	...	—
Man Pens Cap Fd	193.4	205.4	...	—

Premium Life Assurance Co. Ltd.
Eastchester Hse., Haywards Heath 0444 458721

American Tech. Fd.	129.0	134.0	...	—
Building Soc. Fd.	124.0	131 0	...	—
Balanced	136.0	144.0	...	—
GT Managed	94 0	99.0	...	—
Deposit	124.0	131.0	...	—

World Wide Growth Management
10a, Boulevard Royal, Luxembourg

Worldwide Gth Fd.		$10.91	−0.06	—

Inv. Adv.: M. & G. Inv. Mngt., Ltd., London.

Wren Commodity Management Ltd.
10, St George's St, Douglas IoM. 0624 25015

Wren Com. Fund	17 8	18.6	...	3.10
Chinese Fund	59.5	62.0	...	1.70
Precious Metal Fund	128.6	133 9	...	8.30
Vanguard Cmdy. Fd.	28.5	29.3	...	2.26
Financial Futures Fd.	60.5	63.0	...	—

Yamaichi Dynamic Mngt Co SA
10A Boulevard Royal, Luxembourg

Dynamic Gwth Fd		$8.56	−0.06	—

Money Market Trust Funds

	Nom	Apr	Int Cr	Notice
Mallinhall Ltd 36 Berkeley Sq, W1X 5DA. 01-499 6634				
M'hall Mny Fd	11.50	12.03	Qtrl	Call
The Money Market Trust 63 Qn Victoria St, EC4N 4ST. 01-236 0952				
Call Fnd	11.64	12.00	6-mth	Call
7-day Fnd	9.01	9.23	6-mth	7-day
Oppenheimer Money Management Ltd 66 Cannon St, EC4N 6AE. 01-236 1425				
Call Fnd	11 60	11.93	6-mth	Call
7-day Fund	8.71	8.89	6-mth	7-day
Money Mngt. Acct.	11.50	12 01	3-mth	1-day
Dollar	9 64	9.87	6-mth	2-day

Money Market Bank Accounts

	Nom	APR	Int Cr	Notice
Aitken Hume 30 City Road, EC1Y 2AY. 01-638 6070				
Treasury Acc	10 625	11.05	Qtrl	Call
Monthly Acc	10.5	11.02	Mthl	Call
Bank of Scotland 38 Threadneedle St, EC2P 2EH. 01-628 8060				
Cheque Acc	10.25	10.75	Mthl	Call
Barclays Prime Account PO Box 125, Northampton 0604 252891				
High Int. Cheque	10.25	10.65	Qtrl	Call
Britannia Grp of Investment Companies 29 Finsbury Circus, EC2M 5QL. 01-588 2777				
Cater Allen	11.75	12.40	Mthl	Call
Charterhouse Japhet plc 1 Paternoster Row, EC4M 7DH. 01-248 3999				
Premier Acc	9.53	10.00	Daily	Call
Tyndall & Co 29-33 Princess Victoria St, Bristol BS8 4BX. 0272 732241				
Demand Acc	11.54	12 05	Qtr	Call
Money Acc.	10 00	10 37	Qtr	Chq/7
J. Henry Schroder Wagg & Co Ltd Enterprise House, Portsmouth 0705 827733				
Special Acc.	11 625	12.26	Mth	Call
Over £10,000	11.875	12.54	Mth	Call

NOTES:—Interest rates given both as a nominal rate and an annual percentage rate adjusted for frequency of interest credit.

NOTES

Prices are in pence unless otherwise indicated and those designated $ with no prefix to U.S. dollars. Yields % (shown in last column) allow for all buying expenses. a Offered prices include all expenses. b Today's prices. c Yield based on offer price. d Estimated. g Today's opening price. h Distribution free of UK taxes. p Periodic premium insurance plans. s Single premium insurance. x Offered price includes all expenses except agent's commission. y Offered price includes all expenses if bought through managers. Z Previous day's price. ¶ Guernsey gross. ∅ Suspended. ♦ Yield before Jersey tax. † Ex-subdivision. ‡‡ Only available to charitable bodies. ♦ Yield column shows annualised rates of NAV increase.

FT LONDON SHARE INFORMATION SERVICE

BRITISH FUNDS

"Shorts" (Lives up to Five Years)

Interest Due	Stock	Price £	Last xd	Yield Int.	Yield Red.
26Mar 26S	Treas 12pc 1984	100⅛	14.5	12.00	10.96
22Aug 22F	Treas. 15pc 1985	101⅞	16.1	14.72	11.53
22S 22Mar	Exch. 12pc Cnv. '85	100⅛	14.2	11.98	11.58
21N 21My	Treas 3pc 1985	93⅝	16.4	3.20	11.04
15Jan 15Jul	Treas 11½pc 1985	99⅜	8.6	11.53	11.80
3Mar 3Se	Treas 8¾pcCnv '85	96⅝	26.1	9.06	12.05
22May 22N	Exch. 12¼pc 1985	100⅛	16.4	12.23	12.05
25Aug 25Fb	Exch. 11¾pc '86	99¼	19.1	11.84	12.21
11Oct 11Apr	Treas. 10pcCnv 1986	96⅞	5.3	10.36	12.44
19N 19May	Treas 3pc 1986	89⅞	12.4	3.34	9.08
19Nv 19My	Exch. 10½pc Cv '86	97⅛	12.4	10.80	12.16
12Dec 12Jun	Treas 12pc 1986	99⅝	8.5	12.04	12.15
10Ja 10Jul	Treas 8½pc 1984-86‡‡	94xd	8.6	9.04	11.98
29Ap 29Oc	Exch. 14pc 1986	103¼	23.3	13.56	12.66
21May 21N	Exch. 2½pc 1986	85⅜	16.4	2.93	9.54
22Jul 22Jan	Exch. 13¼pc 1987	101⅝xd	15.6	13.03	12.43
10Aug 10Fb	Treas 10¼%Cv '87	95⅛xd	4.7	10.77	12.50

Five to Fifteen Years

Over Fifteen Years

Undated

Index-Linked

INT. BANK AND O'SEAS GOVT STERLING ISSUES

CORPORATION LOANS

COMMONWEALTH AND AFRICAN LOANS

LOANS

Building Societies

Public Board and Ind.

Financial

FOREIGN BONDS & RAILS

AMERICANS

Dividends Paid	Stock	Price £	Last xd	Div Gross	C'vr	Y'ld Gr's
F May Aug U	Abbott Labs.‖	32xd	10.7	$1.20	—	2.9
—	Ahmanson (H.F.)	14⅝	—	$1.20	—	6.3
F My Ag N	Alcoa $1	25	30.4	$1.20	—	3.7
Mr Jn Se Dc	Allied Corp $1	22⅝		$1.80		6.1
My Jly S D	Amax $1	14⅞	8.5	20c	—	1.1
F My Au Nv	Amdahl 5c	807p	11.4	20c	—	1.9
F.M.A.S.	Amer. Express $0.60	21⅛	3.1	$1.28	—	4.6
F.My.Au.N.	Amer Medical Int $1	17⅝xd	6.7	48c	—	2.1
May Au No Fb	Amer. Nat. Res. $1	22xd	10.7	h$1.41	—	4.9
Ap Jy Oc Ja	American T. & T. $1	13	27.3	$1.20	—	7.1
My Au N F	Ameritech $1	51	—	$6.00	—	9.0
Mar Jn S D	Amfac‖	16⅞xd	16.5	$1.44	—	6.6
—	AndTech	20p	—	—	—	—
Fb My Au N	Bankamerica $1⅝	12	8.5	$1.52	—	9.7
Ap Jly Oc Jan	Bankers N.Y. $10	29	29.3	$2.45	—	6.5
My Au N Fb	Bell Atlantic $1	54⅛	27.3	$6.40	—	9.0
Fb My Au N	BellSouth $1	21⅛	27.3	$2.60	—	9.2
Mar Jun S D	¶Beth Steel $8	13¼	4.11	60c	—	3.5
Ja Ap Jly O	Brown'g-Fer. 16⅔c	23⅛	13.6	96c	—	3.1
F My Au N	Brunswick Corpn.‖	22⅝	19.4	80c	—	2.7
Jan Ap Jly O	CPC Intnl. 25c	28⅞xd	25.6	$2.20	—	6.0
Oc Ja Ap Jy	Campbell Soup 60c	48	1.4	$2.30	—	3.7
F My Au N	Caterpillar Tractor‖	28⅛	17.4	$1.50	—	4.1
Fb.My.Ag.Nv.	Chase M'htn $12.5	28⅝	25.4	$3.5		9.5
Ap Jy Oc Ja	Chemical New York	19⅝	12.3	$2.36	—	9.2
Mar Jun S D	Chesebrough-Pond's $1	27	28.2	$1.92	—	5.5
Mar Jun S D	Chrysler $6¼	19¼	12.3	60c	—	2.4
My Au N F	Citicorp $4	21⅜	27.3	$2.06	—	7.4
My Au N F	City Inv. $1.25	31½	26.3	$2.00	—	4.9

CANADIANS

BANKS, HP & LEASING

Hire Purchase, Leasing, etc.

BEERS, WINES & SPIRITS

BEERS, WINES—Cont.

BUILDING INDUSTRY, TIMBER AND ROADS

CHEMICALS, PLASTICS

DRAPERY AND STORES

DRAPERY & STORES—Cont.

ELECTRICALS

ENGINEERING

ENGINEERING—Continued

FOOD, GROCERIES, ETC

HOTELS AND CATERERS

HOTELS—Continued

Dividends Paid		Stock	Price	Last xd	Div Net	C'vr	Y'ld Gr's	P/E
July	Oct.	Rowton Hotels	320	18.6	7.38	0.9	3.3	50.2
May	Oct	Ryan Hotels 5p	9½	7/80	—	—	—	—
May		Savoy "A" 10p	272	30.4	2.0	5.6	1.1	18.2
April	Aug.	Stakis 10p	122	27.2	†2.0	2.8	2.4	17.1
January		♯Strikes Restnts	60	12.12	1.6	4.5	3.9	6.9
Apr.	Oct.	Trusthouse Forte	106	13.2	†h4.13	1.7	5.6	12.0

INDUSTRIALS (Miscel.)

Dividends Paid		Stock	Price	Last xd	Div Net	C'vr	Y'ld Gr's	P/E
Mar.	Oct.	AAH	101	26.3	†5.62	2.4	7.9	7.3
June	Dec	AGA AB K50	£31¼	26.5	Q20%	1.7	2.8	21.8
March	Oct	AGB Research 10p.	315	13.2	†7.0	2.5	3.2	26.2
Mar	Sept	AIM 10p	106	13.2	d5.75	0.4	7.7	—
—		♯Aarónic Group	132xd	2.7	9d2.5	2.8	2.7	16.6
Oct.	Apr.	Aaronson Bros. 10p	53	27.2	2.1	1.9	5.7	10.9
Mar.	Oct.	Abbey Ltd.	40	5.9	0.2.5	2.7	‡	4.5
	July	Aberfoyle Hldgs. 5p.	34	—	—	—	—	—
Jan.	June	Advance Services 10p	78	4.6	3.8	1.8	7.0	11.7
	October	A.G.1.	240	15.6	4.5	3.6	2.7	14.9
March		Aero Needles	86	27.2	†2.5	♦	4.3	♦
—		♯Airship Inds.	30	—	—	—	—	—
June		Alfa-Laval AB'B'Sk50	£20⅝	8.5	Q18%	4.3	3.8	6.1
Aug.	Sept.	Amber Ind. 10p		18.6	5.5	2.1		

INDUSTRIALS—Continued

INSURANCES

LEISURE

LEISURE—Continued

MOTORS, AIRCRAFT TRADES

Motors and Cycles

Commercial Vehicles

Components

Garages and Distributors

NEWSPAPERS, PUBLISHERS

PAPER, PRINTING ADVERTISING

PROPERTY

PROPERTY—Continued

SHIPPING

SHOES AND LEATHER

SOUTH AFRICANS

TEXTILES

TOBACCOS

TRUSTS, FINANCE, LAND

Investment Trusts

INVESTMENT TRUSTS—Cont.

Finance, Land, etc

OIL AND GAS

OIL AND GAS—Continued

OVERSEAS TRADERS

PLANTATIONS

Rubbers, Palm Oil

Teas

MINES

Central Rand

Eastern Rand

Far West Rand

O.F.S.

Finance

Diamond and Platinum

Central African

MINES—Continued

Australians

Tins

Miscellaneous

Dividends Paid		Stock	Price	Last xd	Div Net	C'vr	Y'ld Gr's
—		♥Centennial Min'ls.	280	26.3	—	—	—
—		♥Colby Res Corp.	110	—	—	—	—
Aug.	Feb.	Cons. Murch. 10c	709	16.1	†Q100c	1.4	8.0
Feb	Aug	Eastern Trns. Cas. 50c	£35xd	2.7	Q90c	ϕ	3.3
For Echo Bay Mines see Canadians							
Sept	Feb	Hampton Areas 10p	167	30.12	3.75	ϕ	3.1
—		♥Highwood Res.	350	—	—	—	—
May	Aug	Homestake Mining $1	£17	16.5	Q20c	—	0.9
October		Northgate C$1	260	9/77	—	—	—
Jan.	July	RTZ	532	14.5	18.0	2.5	4.8
Jan	July	Do. 9½pcLn '95-2000	£119½	14.5	Q9½%	35.4	†8.0
—		♥Sabina Inds C$1	60	—	—	—	—
—		♥Tara Expln $1	862	—	—	—	—

NOTES

Unless otherwise indicated, prices and net dividends are in pence and denominations are 25p. Estimated price/earnings ratios and covers are based on latest annual reports and accounts and, where possible, are updated on half-yearly figures. P/Es are calculated on "net" distribution basis, earnings per share being computed on profit after taxation and unrelieved ACT where applicable; bracketed figures indicate 10 per cent or more difference if calculated on "nil" distribution. Covers are based on "maximum" distribution; this compares gross dividend costs to profit after taxation, excluding exceptional profits/losses but including estimated extent of offsettable ACT. Yields are based on middle prices, are gross, adjusted to ACT of 30 per cent and allow for value of declared distribution and rights.

- ● "Tap Stock".
- * Highs and Lows marked thus have been adjusted to allow for rights issues for cash.
- † Interim since increased or resumed.
- ‡ Interim since reduced, passed or deferred.
- ‡‡ Tax-free to non-residents on application.
- ϕ Figures or report awaited.
- ♥ Not officially UK listed; dealings permitted under Rule 163(4)(a).
- ♦ USM; not listed on Stock Exchange and company not subjected to same degree of regulation as listed securities.
- †† Dealt in under Rule 163(3).
- ‡ Price at time of suspension.
- ¶ Indicated dividend after pending scrip and/or rights issue: cover relates to previous dividend or forecast.
- ♦ Merger bid or reorganisation in progress.
- ♣ Not comparable.
- ♠ Same interim; reduced final and/or reduced earnings indicated.
- ϕ Forecast dividend; cover on earnings updated by latest interim statement.
- ‡ Cover allows for conversion of shares not now ranking for dividends or ranking only for restricted dividend.
- ★ Cover does not allow for shares which may also rank for dividend at a future date. No P/E ratio usually provided.
- ‖ No par value.

B.Fr. Belgian Francs. Fr. French Francs. ϕϕ Yield based on assumption Treasury Bill Rate stays unchanged until maturity of stock. a Tax free. b Figures based on prospectus or other offer estimate. c Cents. d Dividend rate paid or payable on part of capital, cover based on dividend on full capital. e Redemption yield. f Flat yield. g Assumed dividend and yield. h Assumed dividend and yield after scrip issue. j Payment from capital sources. k Kenya. m Interim higher than previous total. n Rights issue pending. q Earnings based on preliminary figures. s Dividend and yield exclude a special payment. t Indicated dividend: cover relates to previous dividend, P/E ratio based on latest annual earnings. u Forecast dividend: cover based on previous year's earnings. v Subject to local tax. x Dividend cover in excess of 100 times. y Dividend and yield based on merger terms. z Dividend and yield include a special payment: Cover does not apply to special payment. A Net dividend and yield. B Preference dividend passed or deferred. C Canadian. E Minimum tender price. F Dividend and yield based on prospectus or other official estimates for 1983-84. G Assumed dividend and yield after pending scrip and/or rights issue. H Dividend and yield based on prospectus or other official estimates for 1984. K Figures based on prospectus or official estimates for 1984. M Dividend and yield based on prospectus or other official estimates for 1985-86. N Dividend and yield based on prospectus or other official estimates for 1985. P Figures based on prospectus or other official estimates for 1983. Q Gross. T Figures assumed. Z Dividend total to date.

Abbreviations: xd ex dividend; xc ex scrip issue; xr ex rights; xa ex all; xd ex capital distribution.

REGIONAL & IRISH STOCKS

The following is a selection of Regional and Irish stocks, the latter being quoted in Irish currency.

Albany Inv 20p	78	......
Craig & Rose £1	800xd	......
Finlay Pkg. 5p	43	......
Higsons Brew	83	......
Holt (Jos) 25p	880	......
IoM Stm. £1	117	+3
IRISH		
Exch. 12% 1985	£98⅝	......
Nat. 9¾% 84/89	£80½xd	......
Fin. 13% 97/02	£93¼	+¼
Alliance Gas	65	......
Arnott	215	−5
CPI Hldgs.	85	......
Carrol Inds.	100xd	......
Hall (R. & H.)	50	......
Heiton Hldgs.	18	......
Irish Ropes	42	......
Jacob (W.& R.)	65	......
TMG	50	......
Unidare	80	......

OPTIONS — 3-month call rates

Industrials	
Allied-Lyons	15
BOC Grp	27
BSR	26
Babcock	17
Barclays Bank	45
Beecham	32
Blue Circle	40
Boots	16
Bowaters	25
Brit Aerospace	20
BAT	75
Brown (J.)	3
Burton Ord	22
Cadburys	11
Comm Union	16
Courtaulds	11
Debenhams	14
Distillers	22
Dunlop	5
FNFC	6¼
Gen Accident	42
Gen Electric	16
Glaxo	70
Grand Met	30
GUS 'A'	55
Guardian	50
GKN	20
Hanson Tst.	17
Hawker Sidd	38
Hse of Fraser	26
ICI	42
'Imps'	12
ICL	7½
Ladbroke	23
Legal & Gen	45
Lex Service	40
Lloyds Bank	50
'Lots'	3
Lucas Inds	18
'Mams'	14
Marks & Spcr	20
Midland Bk	36
NEI	10
Nat West Bk	60
P & O Dfd	25
Plessey	20
Racal Elect	18
RHM	8
Rank Org Ord	24
Reed Intnl	40
Sears	8
TI	22
Tesco	16
Thorn EMI	55
Trust Houses	18
Turner Newall	10
Unilever	75
Vickers	14
Woolworth Hldg	50
Property	
Brit Land	11
Cap Counties	16
Land Secs	25
MEPC	25
Peachey	17
Samuel Props	12
Sterling Guar.	4
Oils	
Brist. Oil & Min.	9
Brit Petroleum	35
Burmah Oil	17
Charterhall	9
Premier	6
Shell	55
Tricentrol	20
Ultramar	60
Mines	
Charter Cons.	24
Cons Gold	58
Lonrho	12
Rio T Zinc	60

A selection of Options traded is given on the London Stock Exchange Report page.

"Recent Issues" and "Rights" Page 25

This service is available to every Company dealt in on Stock Exchanges throughout the United Kingdom for a fee of £700 per annum for each security.

CURRENCIES, MONEY and CAPITAL MARKETS

FINANCIAL FUTURES

LONDON

THREE-MONTH EURODOLLAR
$1m points of 100%

	Close	High	Low	Prev
Sept	87.86	87.94	87.67	87.53
Dec	87.24	87.33	87.03	86.87
March	86.86	86.91	86.68	86.52
June	86.59	—	—	86.24
Sept	86.37	—	—	85.99

Estimated volume 6,706 (2,819)
Previous day's open int 13,319 (13,357)

THREE-MONTH STERLING DEPOSIT
£250,000 points of 100%

	Close	High	Low	Prev
Sept	88.97	88.99	88.69	88.70
Dec	89.00	89.10	88.82	88.72
March†	88.85	89.00	88.70	88.48
June†	88.77	—	—	88.28

Estimated volume 2,774 (3,424)
Previous day's open int 9,275 (9,419)
† £500,000 points of 100%.

20-YEAR 12% NOTIONAL GILT
£50,000 32nds of 100%

	Close	High	Low	Prev
Sept	99-31	100-02	99-07	99-01
Dec	99-04	99-04	98-27	98-06
March	98-16	98-16	98-00	97-18
June	98-01	98-02	98-01	96-31
Sept	100-20	100-20	99-00	99-06

Estimated volume 3,275 (4,049)
Previous day's open int 6,727 (6,119)

STERLING £25,000 $ per £

	Close	High	Low	Prev
Sept	1.3190	1.3242	1.3140	1.3105
Dec	1.3230	1.3244	1.3205	1.3135
March	1.3290	—	—	1.3185

Estimated volume 2,794 (1,573)
Previous day's open int 2,897 (4,044)

DEUTSCHE MARKS
DM 125,000 $ per DM

	Close	High	Low	Prev
Sept	0.3556	0.3571	0.3550	0.3542
Dec	0.3612	—	—	0.3598

Estimated volume 33 (68)
Previous day's open int 340 (338)

SWISS FRANCS
SwFr 125,000 $ per SwFr

	Close	High	Low	Prev
Sept	0.4207	0.4211	0.4207	0.4200
Dec	0.4289	—	—	0.4287

Estimated volume 2 (1)
Previous day's open int 2,294 (2,293)

JAPANESE YEN Y12.5m $ per Y100

	Close	High	Low	Prev
Sept	0.4172	—	—	0.4159
Dec	0.4238	—	—	0.4226

Estimated volume 0 (0)
Previous day's open int 224 (224)

FT-SE 100 INDEX
£25 per full index point

	Close	High	Low	Prev
Sept	99.45	99.95	98.40	99.05
Dec	99.45	99.55	99.55	99.05
March	99.65	—	—	99.20

Estimated volume 1,233 (734)
Previous day's open int 1,057 (986)

U.S. TREASURY BONDS
8% $100,000 32nds of 100%

	Close	High	Low	Prev
Sept	63-10	63-10	62-20	62-04
Dec	62-22	—	—	61-16
March	62-08	—	—	61-02

Estimated volume 1,320 (528)
Previous day's open int 1,298 (1,165)

CHICAGO

U.S. TREASURY BONDS (CBT)
8% $100,000 32nds of 100%

	Close	High	Low	Prev
Sept	62-31	63-15	62-25	62-17
Dec	62-13	62-30	62-07	61-31
March	62-00	62-15	61-26	61-18
June	61-22	62-02	61-18	61-08
Sept	61-15	61-28	61-11	61-00
Dec	61-09	61-20	61-03	60-25
March	61-04	61-15	60-28	60-19
June	61-00	61-10	60-25	60-14

U.S. TREASURY BILLS (IMM)
$1m points of 100%

	Close	High	Low	Prev
Sept	89.40	89.47	89.34	89.26
Dec	88.68	88.78	88.61	88.53
March	88.21	88.34	88.17	83.07
June	87.89	88.01	87.84	87.75
Sept	87.65	87.78	87.60	87.50
Dec	87.48	87.55	87.42	87.32
March	87.35	87.39	87.28	87.18
June	87.16	87.25	87.14	87.05

CERT. DEPOSIT (IMM) $1m points of 100%

	Close	High	Low	Prev
Sept	88.03	88.08	87.79	87.78
Dec	87.34	87.44	87.10	87.10
March	86.94	87.05	86.86	86.72
June	86.64	86.78	86.56	86.43

THREE-MONTH EURODOLLAR (IMM)
$1m points of 100%

	Close	High	Low	Prev
Sept	87.58	87.65	87.41	87.36
Dec	86.87	87.01	86.72	86.65
March	86.47	86.61	86.36	86.26
June	86.18	86.31	86.09	85.97
Sept	—	—	—	—
Dec	85.79	85.91	85.70	85.58

STERLING (IMM) $s per £

	Close	High	Low	Prev
Sept	1.3225	1.3270	1.3165	1.3045
Dec	1.3270	1.3320	1.3215	1.3085
March	1.3325	1.3370	1.3280	1.3135
June	—	1.3380	1.3270	—

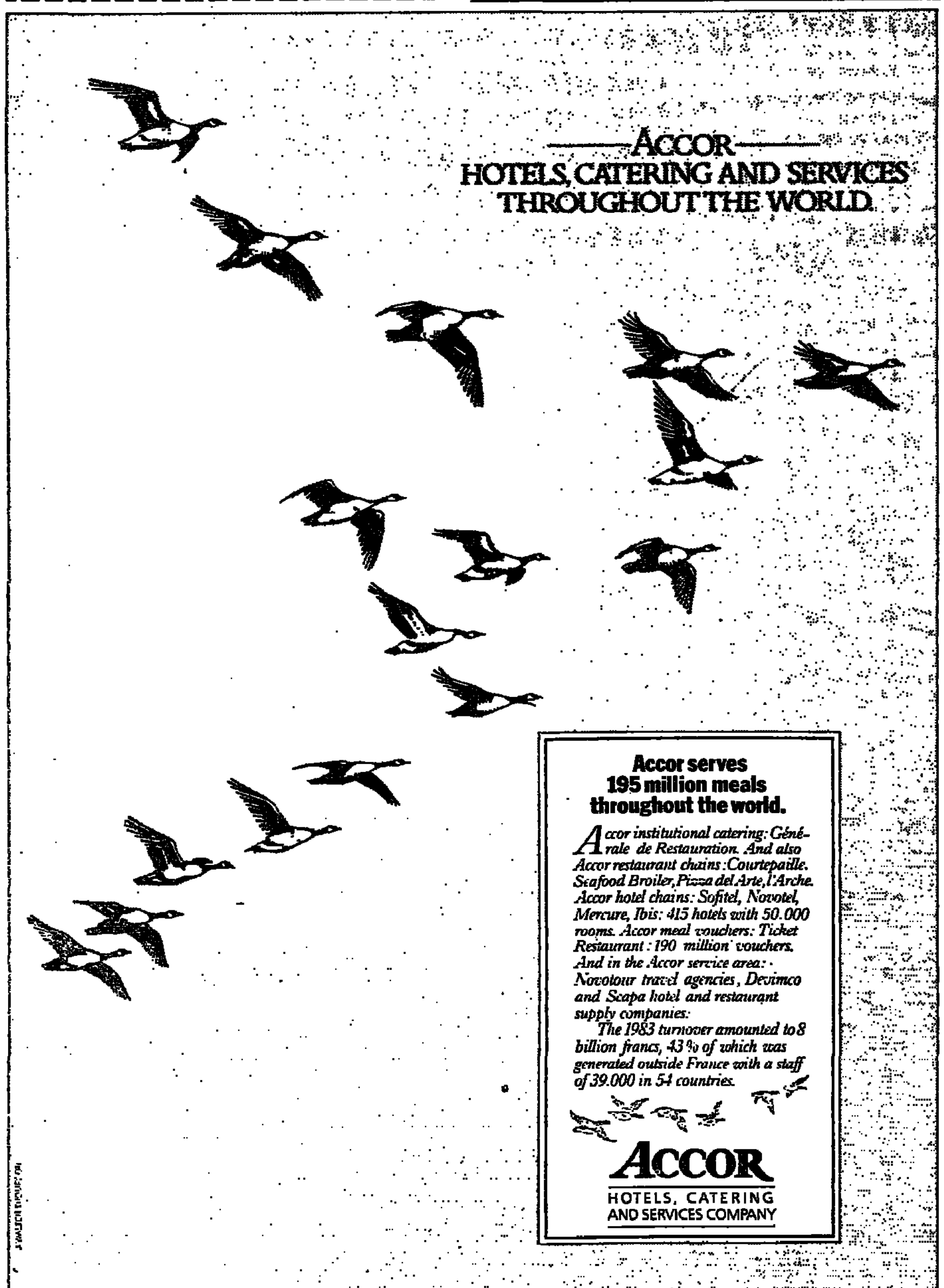
GNMA (CBT) 8% $100,000 32nds of 100%

	Close	High	Low	Prev
Sept	65-30	66-11	65-25	65-26
Dec	64-25	65-05	64-20	64-21
March	63-29	64-07	63-26	63-25
June	63-05	63-16	63-03	63-01
Sept	62-20	—	—	62-16
Dec	62-07	62-07	62-04	62-03
March	—	—	—	—
June	61-21	61-30	61-20	61-17

WEEKLY CHANGE IN WORLD INTEREST RATES

	July 13	change		July 13	change
LONDON			**NEW YORK**		
Base rates	12	+2	Prime rates	13-¼	Unch'd
7 day Interbank	12 5/32	+2 9/32	Federal funds	10⅞	−¼
3 mth Interbank	12⅛	+2	3 Mth. Treasury Bills	9.92	−0.09
Treasury Bill Tender	11.3968	+1.5866	6 Mth. Treasury Bills	10.39	−0.06
Band 1 Bills	12	+2	3 Mth. C D	11.60	−0.50
Band 2 Bills	11⅞	+1⅞	**FRANKFURT**		
Band 3 Bills	11¾	+1¾	Lombard	5.50	Unch'd
3 Mth. Treasury Bills	11⅝	+1⅝	One Mth. Interbank	5.825	Unch'd
1 Mth. Bank Bills	11⅞	+1⅞	Three month	6.075	−0.025
3 Mth. Bank Bills	11⅝	+1⅝	**PARIS**		
TOKYO			Intervention Rate	11¼	Unch'd
One month Bills	6.15625	+0.0625	One Mth. Interbank	11 1/16	−⅛
Three month Bills	6.21825	Unch'd	Three month	11⅝	−1/16
BRUSSELS			**MILAN**		
One month	11⅝	Unch'd	One month	16 1/16	Unch'd
Three month	11¾	Unch'd	Three month	16 3/16	Unch'd
AMSTERDAM			**DUBLIN**		
One month	6⅝	+¼	One month	12⅜	+3/32
Three month	6⅝	+1/16	Three month	12⅞	+⅜

London—band 1 bills mature in up to 14 days, band 2 bills 15 to 33 days, and band 3 bills 34 to 63 days. Rates quoted represent Bank of England buying or selling rates with the money market. In other centres rates are generally deposit rates in the domestic money market and their respective changes during the week. Band 4 bills 11⅝.



FOREIGN EXCHANGES

Pound fails to impress

BY COLIN MILLHAM

Sterling gained just over ½ cent during the week to close at $1.3230-1.3240, but at the cost of another 2 per cent rise in clearing bank base rates. This was not a very impressive performance, given the fact that other major currencies showed little change on balance against the dollar without any dramatic move in domestic interest rates.

Financial markets had almost learned to live with the long running miners' dispute, and although there has been growing concern that the damage to the economy will grow more serious if the strike continues into the winter, it was the *immediate impact of a dock* strike which really sent the pound into a nose dive.

Most of the action came on Wednesday, when the pound touched a record trading low $1.2975 in early trading, but closed firmer following the increase in base rates.

Support was probably provided for the pound by the Bank of England, but the most obvious central bank operating in the market during the week was the German Bundesbank. There was some suspicion that the Bundesbank council meeting on Thursday might raise the important Lombard rate. This remained at 5.5 per cent however, but meant the German authorities had to continue with *some heavy intervention to stem* the dollar's rise.

The U.S. currency touched a ten-year peak of DM 2.8560 during trading on Thursday, and finished at a ten-year closing high of DM 2.8480. It also ended at a seven-year peak of SwFr 2.4080, and at all time highs of FFr 8.7350, and L1,751.

The Bank of Japan also showed some fairly spirited defence of its currency, but the dollar rose to its highest level since last September against the yen at Y242.60 on Thursday.

Whether a turning point was reached on Friday is not clear, but the dollar did show a much weaker trend. Figures released indicated that the economy continues to grow at a healthy pace, but there was no sign of overheating, and inflation appears to be under control. Against this background there was growing optimism in the financial markets that the Federal Open Market Committee meeting today will not vote for yet higher interest rates, and the dollar fell back to finish little changed on the week at DM 2.8305; SwFr 2.3990; FFr 8.7050; L1,744; and Y241.50.

£ in New York

	July 13	Prev. close
Spot	$1.3190-3200	$1.3215-3225
1 month	0.06-0.03 pm	0.07-0.03 pm
3 months	0.05-0.09 dis	0.03-0.07 dis
12 months	1.90-2.05 dis	1.85-2.00 dis

£ forward rates in U.S. cents discount.

THE POUND SPOT AND FORWARD

July 13	Day's spread	Close	One month	% p.a.	Three months	% p.a.
U.S.	1.3135-1.3260	1.3230-1.3240	0.07-0.03c pm	0.46	0.01pm-0.04d	−0.06
Canada	1.7490-1.7580	1.7545-1.7555	par-0.11c dis	−0.38	0.47-0.58dis	−1.20
Nethlnd.	4.21-4.23¾	4.22½-4.23½	2¼-1¾c pm	5.50	6⅞-5½ pm	5.38
Belgium	75.70-76.30	76.05-76.20	7-2c pm	0.71	12-4 pm	0.41
Denmark	13.65½-13.72½	13.71½-13.72½	¾ore pm-¼ dis	0.16	1¼-¼ pm	0.22
Ireland	1.2195-1.2255	1.2230-1.2240	0.01p pm-0.09dis	−0.39	0.25-0.41dis	−1.08
W. Ger.	3.73¼-3.75½	3.74½-3.75½	2½-1¾pf pm	6.20	5¾-5½ pm	5.87
Portugal	195.80-202.90	197.25-201.00	10c pm-135 dis	−3.77	5-410 dis	−4.17
Spain	211.85-212.30	212.10-212.30	20-50c dis	−1.98	100-150 dis	−2.36
Italy	2,290-2,312½	2,308-2,309	5-7 lire dis	−3.12	21-25 dis	−3.98
Norway	10.76½-10.82	10.81½-10.82½	¼ore pm-¾ dis	−0.28	⅞-1¾ dis	−0.49
France	11.45¾-11.52½	11.48¼-11.49¼	⅞c pm-⅜ dis	0.39	par-1⅛ dis	−0.20
Sweden	10.90-10.97	10.95½-10.96½	1-1¾ore dis	−1.44	⅞-1¾ dis	−0.48
Japan	317.7-320.0	319-320	1.6-1.5y pm	5.82	4.2-4.0 pm	5.13
Austria	26.20-26.30	26.25-26.35	12¾-10¾gro pm	5.30	35-30⅞ pm	5.01
Switz.	3.15½-3.18½	3.17½-3.18½	2-1¾c pm	6.84	5¾-5¼ pm	6.84

Belgian rate is for convertible francs. Financial franc 76.80-76.90. Six-month forward dollar 0.60-0.70c dis, 12-month 1.95-2.10c dis.

OTHER CURRENCIES

July 13	£	$		£ Note Rates
Argentina Peso	72.33-72.48	54.78-54.84	Austria	26.10-26.30
Australia Dollar	1.5760-1.5780	1.1925-1.1940	Belgium	76.20-77.00
Brazil Cruzeiro	2,337.28-2,350.95	1,770-1,779	Denmark	13.64-13.78
Finland Markka	7.8998-7.9482	6.00-6.00½	France	11.42-11.64
Greek Drachma	147.885-148.685	111.40-112.00	Germany	3.73¼-3.77¼
Hong Kong Dollar	10.296-10.346	7.81-7.84	Italy	2285-2315
Iran Rial	117.90*	90.30*	Japan	316-321
Kuwait Dinar (KD)	0.39565-0.39645	0.29875-0.29910	Netherlands	4.20-4.24
Luxembourg Fr.	76.05-76.20	58.05-58.10	Norway	10.75-10.86
Malaysia Dollar	3.0880-3.0980	2.3395-2.3415	Portugal	191-198
New Zealand Dlr.	2.1355-2.1405	1.6120-1.6260	Spain	204½-209¾
Saudi Arab. Riyal	4.6515-4.6565	3.5120-3.5130	Sweden	10.87-10.98
Singapore Dollar	2.8230-2.8330	2.1380-2.1410	Switzerland	3.15¾-3.18¾
Sth African Rand	1.9412-1.9477	1.4684-1.4727	United States	1.30¾-1.32¾
U.A.E. Dirham	4.8635-4.8685	3.6720-3.6730	Yugoslavia	165-193

* Selling rates.

EMS EUROPEAN CURRENCY UNIT RATES

	Ecu central rates	Currency amounts against Ecu July 13	% change from central rate	% change adjusted for divergence	Divergence limit %
Belgian Franc	44.9008	45.3212	+0.94	+0.86	±1.5447
Danish Krone	8.14104	8.16971	+0.35	+0.27	±1.6425
German D-Mark	2.24184	2.23537	−0.29	−0.37	±1.0642
French Franc	6.87456	6.86130	−0.19	−0.27	±1.4052
Dutch Guilder	2.52595	2.52297	−0.12	−0.20	±1.4964
Irish Punt	0.72569	0.729889	+0.58	+0.50	±1.6699
Italian Lira	1403.49	1371.63	−2.27	−2.27	±4.1505

Changes are for Ecu, therefore positive change denotes a weak currency. Adjustment calculated by Financial Times.

FORWARD RATES AGAINST STERLING

	Spot	1 month	3 month	6 month	12 month
Dollar	1.3235	1.3232	1.3242	1.3299	1.3438
D-Mark	3.75	3.7307	3.6956	3.6558	3.5865
French Franc	11.4875	11.4846	11.4978	11.5820	11.7608
Swiss Franc	3.18	3.1611	3.1256	3.0787	2.9891
Japanese Yen	319.50	317.98	315.32	311.74	305.33

BANK OF ENGLAND TREASURY BILL TENDER

	July 13	July 6		July 13	July 6
Bills on offer	£100m	£100m	Top Accepted rate of discount	11.4313%	9.9473%
Total of applications	£581.6m	£570.27m	Average rate of discount	11.3968%	9.8082%
Total allocated	£100m	£100m	Average yield	11.73%	10.05%
Minimum accepted bid	£97.15	£97.52	Amount on offer at next tender	£100m	£100m
Allotment at minimum level	55%	6%			

THE DOLLAR SPOT AND FORWARD

July 13	Day's spread	Close	One month	% p.a.	Three months	% p.a.
UK†	1.3135-1.3260	1.3230-1.3240	0.07-0.03c pm	0.46	0.01pm-0.04d	−0.05
Ireland†	1.0770-1.0802	1.0792-1.0802	0.08-0.04c pm	0.67	0.28-0.18 pm	0.85
Canada	1.3270-1.3309	1.3270-1.3280	0.08-0.12c dis	−0.92	0.32-0.36dis	−1.02
Nethlnd.	3.1895-3.2090	3.1980-3.1990	1.47-1.37c pm	5.31	4.47-4.37 pm	5.51
Belgium	57.48-57.64	57.48-57.53	2c pm-par	0.21	8-5 pm	0.45
Denmark	10.35-10.39½	10.36¾-10.38¾	0.60-0.10ore pm	0.40	2.50-2.00 pm	0.87
W. Ger.	2.8270-2.8475	2.8300-2.8310	1.46-1.41pf pm	6.08	4.35-4.30 pm	6.09
Portugal	149-154	149-154	par-100c dis	−3.96	par-300 dis	−3.96
Spain	160.60-161.20	160.60-161.10	25-40c dis	−2.42	80-100 dis	−2.23
Italy	1,742-1,746.5	1,742-1,746	5.90-6.40 lire dis	−4.23	16.25-17 dis	−3.84
Norway	8.1700-8.1950	8.17-8.19	0.25-0.75ore dis	−0.73	0.50-1.00dis	−0.37
France	8.6850-8.7410	8.7025-8.7075	0.20c pm-par	0.13	0.10pm-0.40d	−0.68
Sweden	8.2800-8.2975	8.2825-8.2875	0.95-1.45ore dis	−1.74	2.00-2.50dis	−1.09
Japan	240.70-242.45	241.45-241.55	1.12-1.08y pm	5.46	3.33-3.28 pm	5.46
Austria	19.87-19.95	19.87-19.92	8.60-8.10gro pm	5.03	26.00-24.00pm	5.02
Switz.	2.3940-2.4105	2.3985-2.3995	1.40-1.35c pm	6.89	4.30-4.26 pm	7.13

† UK and Ireland are quoted in U.S. currency. Forward premiums and discounts apply to the U.S. dollar and not to the individual currency. Belgian rate is for convertible francs. Financial franc 58.05-58.10.

CURRENCY MOVEMENTS

July 13	Bank of England Index	Morgan Guaranty Changes%
Sterling	78.2	−18.4
U.S. dollar	136.1	+23.9
Canadian dollar	87.8	−5.0
Austrian schilling	115.1	+5.9
Belgian franc	90.0	−10.8
Danish Kroner	77.8	−6.4
Deutsche mark	124.5	+7.9
Swiss franc	141.9	+7.9
Guilder	113.8	+4.2
French franc	66.8	−15.4
Lira	48.3	−12.7
Yen	154.4	+11.3

Morgan Guaranty changes: average 1980-1982=100. Bank of England Index (base average 1975=100).

CURRENCY RATES

July 13	Bank rate %	Special Drawing Rights	European Currency Unit
Sterling	—	0.775871	0.596552
U.S. $	9	1.02087	0.785360
Canadian $	12.76	*	1.04500
Austria Sch.	4½	20.3613	15.6836
Belgian Fr	11	58.8441	45.3212
Danish Kr.	7	10.6057	8.16971
D'mark	4½	2.90104	2.23537
Guilder	5	3.27558	2.52297
French Fr.	9½	n/a	6.86130
Lira	15½	1781.90	1371.63
Yen	5	247.007	190.254
Norwgn Kr.	8	8.35907	6.43995
Spanish Pta.	—	164.314	126.561
Swedish Kr.	9	8.46569	6.51888
Swiss Fr	4½	2.46508	1.89256
Greek Dr'ch	20½	114.372	87.9760
Irish Punt	12¾	0.948206	0.729889

*C$/SDR rate for July 12: 1.35943.

EXCHANGE CROSS RATES

July 13	Pound St'rling	U.S. Dollar	Deutsche m'k	J'panese Yen	French Franc	Swiss Franc	Dutch Guild	Italian Lira	Canada Dollar	Belgian Franc
Pound Sterling	1.	1.324	3.750	319.5	11.488	3.180	4.230	2309.	1.755	76.13
U.S. Dollar	0.756	1.	2.833	241.4	8.680	2.403	3.196	1744.	1.326	57.52
Deutschemark	0.267	0.353	1.	85.20	3.063	0.848	1.128	615.6	0.468	20.30
Japanese Yen 1,000	3.130	4.142	11.74	1000.	35.95	9.953	13.24	7226.	5.495	238.3
French Franc 10	0.871	1.152	3.264	278.1	10.	2.768	3.682	2010	1.528	66.27
Swiss Franc	0.314	0.416	1.179	100.5	3.612	1.	1.330	725.9	0.552	23.94
Dutch Guilder	0.236	0.313	0.887	75.53	2.716	0.752	1.	545.7	0.415	18.00
Italian Lira 1,000	0.433	0.573	1.624	138.4	4.976	1.378	1.832	1000	0.760	32.98
Canadian Dollar	0.570	0.754	2.137	182.1	6.546	1.812	2.410	1315.	1.	43.38
Belgian Franc 100	1.314	1.739	4.926	419.7	15.09	4.177	5.557	3033.	2.305	100.

EURO-CURRENCY INTEREST RATES (Market closing rates)

July 13	Sterling	U.S. Dollar	Canadian Dollar	Dutch Guilder	Swiss Franc	D-mark	French Franc	Italian Lira	Belgian Franc Conv.	Belgian Franc Fin.	Yen	Danish Kroner
Short term	12-12¼	10¾-10⅞	11⅛-12	6¼-6⅜	2½-2¾	5¼-5⅜	10¾-11	15-16	11¼-11¾	11-11½	6-6⅛	10¾-11⅛
7 days' notice	12-12¼	11⅛-11¼	11⅛-12	6¼-6⅜	3-3¼	5⅝-5⅞	11-11¼	15-16	11¼-11¾	11⅜-11⅝	6-6⅛	10⅞-12¼
Month	12 1/16-12 3/16	11⅜-11½	12⅛-12⅜	6¼-6⅜	4⅜-4¾	5½-5⅝	11⅜-11⅝	15¼-15¾	11¼-11¾	11⅛-11¾	6 1/16-6 3/16	11⅝-12 1/16
Three months	12 1/16-12 3/16	11 15/16-12 1/16	12⅝-12⅞	6 7/16-6 9/16	4 11/16-4 13/16	5 7/16-5⅛	11⅞-12⅛	15½-16	11⅜-11⅞	11⅝-11⅞	6¼-6⅜	11 9/16-11⅞
Six months	11 15/16-11 13/16	12 3/16-12 5/16	13 1/16-13 3/16	6¾-6⅞	4⅞-5	6¼-6 7/16	12⅞-13⅛	16⅜-16¾	11½-12	11¾-12	6⅜-6½	11⅞-12¼
One year	11⅝-11¾	13⅛-13¼	13 1/16-13 3/16	7-7⅛	4 13/16-5 1/16	6¾-6 15/16	14-14¼	17-17½	12½-13	12-12¼	6½-6⅝	11 13/16-12½

Asian $ (closing rates in Singapore): Short-term 10⅞-11 per cent; seven days' 11¼-11⅜ per cent; one month 11½-11⅝ per cent; three months 12-12⅛ per cent; six months 12⅜-12½ per cent; one year 13⅛-13¼ per cent. Long-term Eurodollars: two years 14-14⅛ per cent; three years 14⅛-14⅜ per cent; four years 14⅜-14½ per cent; five years 14⅜-14½ per cnt nominal closing rate. Short-term rates are call for U.S. dollars and Japanese yen; others two days' notice.

MONEY MARKETS

Rates settle down in London

Interest rates in London settled down towards the end of the week, after a rather traumatic period when it was by no means clear whether the 2 per cent rise to 12 per cent in clearing bank base rates would be enough to put a firm base under sterling.

The authorities obviously believe there is little justification on the domestic front for such a steep rise in interest rates, and are looking to blame events in the U.S. for the present situation. The mid-June UK money supply figures were disappointing, and probably helped to push money market rates higher. This resulted in the increase in base rates, but a much more significant factor behind the upward trend in rates was the performance of sterling against the dollar.

As the pound fell to successive record lows the money market became very nervous, and had its earlier fears confirmed that the rise to 10 per cent in base rates was not enough to support the pound. When rates went up to 12 per cent on Wednesday there was a general change in sentiment, and despite the fact that sterling showed no quick reaction the mood became more calm and the upward sloping yield curve went into reverse, with three-month interbank finishing at 12⅛ per cent on Friday, and 12-month at 11 13/16 per cent.

Future developments will be largely governed by movements in U.S. rates, since the UK Government will be very keen to bring base rates back into single figures as soon as possible.

This week's meeting of the Federal Open Market Committee was at one time expected to produce a tightening of U.S. monetary policy, and although this is still not ruled out opinions are now somewhat divided on the likely attitude of the Federal Reserve to another rise in rates at present. Federal funds were around 11¼ per cent at the beginning of last week but had fallen below 11 per cent by Friday.

MONEY RATES

July 13	Frankfurt	Paris	Zurich	Amst'dam	Tokyo	Milan	Brussels	Dublin
Overnight	5.50-5.60	11	3-4	6⅜-6½	6.15625	16¼-16⅝	10.40	11-11⅛
One month	5.75-5.90	11⅛-11⅛	4 5/16-4 7/16	6 7/16-6 9/16	6.15625	16¼-16⅝	11 9/16-11 11/16	12¼-12⅜
Two months	5.90-6.05	11½-11⅝	—	—	—	—	—	12⅝-12⅞
Three months	6.00-6.15	11 9/16-11 11/16	4 5/16-4 7/16	6 9/16-6 11/16	6.21875	16⅝-17	11 11/16-11 13/16	12¾-13
Six months	6.30-6.45	11 13/16-11 15/16	—	6⅞-7	—	—	11¾-12	13⅜-13⅝
Lombard	5.5	—	—	—	—	—	—	—
Intervention	—	11¼	—	5⅝	—	—	—	—

LONDON MONEY RATES

Discount Houses Deposit and Bill Rates

July 13 1984	Sterling Certificate of deposit	Interbank	Local Authority deposits	Company Deposits	Market Deposits	Treasury (Buy)	Treasury (Sell)	Eligible Bank (Buy)	Eligible Bank (Sell)	Fine Trade (Buy)
Overnight	—	11-13	12-12½	12½	9-12⅛	—	—	—	—	—
2 days notice	—	—	11⅞-12	—	—	—	—	—	—	—
7 days or	—	—	—	—	—	—	—	—	—	—
7 days notice	—	12-12 3/16	11⅞-12	12½	11¾-12	—	—	—	—	—
One month	12 3/16-12 1/16	12⅛-12¼	11⅞	12⅜	11¾	11⅞	11¾	11⅞	11¾	12½
Two months	12-11⅞	12⅛-12¼	11⅞	12¼	11½-11⅝	11 11/16-11¾	11⅝	11 13/16-11¾	11⅝	12⅝
Three months	11 13/16-11 11/16	12 1/16-12 3/16	11¾	12⅛	11½	11 9/16-11⅝	11 7/16-11½	11 9/16-11⅝	11 7/16-11½	12¼
Six months	11 7/16-11 5/16	11 15/16-12 1/16	11⅝	—	—	—	—	11⅛	11	11¾
Nine months	11⅜-11¼	11 15/16-12 1/16	—	—	—	—	—	—	—	—
One year	11⅜-11¼	11⅞-12	11⅝	—	—	—	—	—	—	—

	Local Auth. negotiable bonds	Local Authority Deposits	Finance House Deposits	$ Cert of Deposits	SDR Linked Deposits	ECU Linked Deposits
One month	12⅛-12¼	—	12 3/16	11.45-11.55	9¾-10	9 7/16-9½
Two months	12⅜-12⅛	—	12⅛	11.5-11.6	9 15/16-10 1/16	9⅝-9⅞
Three months	12⅜-12⅛	—	12⅛	11.65-11.75	10⅛-10⅜	9⅞-9⅞
Six months	12-11¾	—	11⅞	12.4-12.5	10⅝-10⅞	9 15/16-10⅛
Nine months	12¼-11⅞	—	11⅞	12.5-12.7	—	—
One year	12⅛-11¾	—	11⅞	13.0-13.2	10⅛-10⅜	10 1/16-10½
Two years	—	11¾	—	—	—	—
Three years	—	11⅞	—	—	—	—
Four years	—	12	—	—	—	—
Five years	—	12	—	—	—	—

ECGD Fixed Rate Export Finance Scheme IV: Average Rate of Interest period June 6 to July 3 1984 (inclusive): 9.488 per cent. Local authorities and finance houses seven days' notice, others seven days' fixed. Finance Houses Base Rate (published by the Finance Houses Association): 9½ per cent from July 1 1984. London and Scottish Clearing Bank Rates for lending 12 per cent. London Deposit Rate for sums at seven days' notice 8¾-9 per cent. Treasury Bills: Average tender rate of discount 11.3968 per cent. Certificates of Tax Deposit (Series 6). Deposit of £100,000 and over held under one month 12¾ per cent; one-three months 12¾ per cent; three-six months 12¾ per cent; six-nine months 12¼ per cent; nine-12 months 12¼ per cent. Under £100,000 11 per cent from July 10. Deposits held under Series 4-5 12¼ per cent. The rate for all deposits withdrawn for cash 8 per cent.

FT LONDON INTERBANK FIXING

LONDON INTERBANK FIXING
(11.00 a.m. July 13)

Three months U.S. dollars	
bid 11 7/8	offer 12
Six months U.S. dollars	
bid 12 9/16	offer 12 11/16

The fixing rates are the arithmetic means, rounded to the nearest one sixteenth, of the bid and offered rates for $10m quoted by the market to five reference banks at 11 am each working day. The banks are National Westminster Bank, Bank of Tokyo, Deutsche Bank, Banque Nationale de Paris and Morgan Guaranty Trust.

MONEY RATES

NEW YORK (4 pm)

Prime rate	13
Broker loan rate	12¼-12½
Fed funds	11
No Fed Intervention	(—)
Treasury Bills	
One month	9.60
Two month	9.70
Three month	9.95
Six month	10.40
One year	10.83
Treasury Bonds	
Two year	100 5/32
Three year	98 27/32
Four year	101½
Five year	107 7/32
Seven year	102 5/32
10 year	99 7/32
20 year	101 7/32